Individual and household Life course explanation to entrepreneurial exit

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Abstract:

Entrepreneurial exit, a critical stage in the entrepreneurial process, happens when the venture creators disengage from ownership control and decision-making authority of the firm they helped to create. Until now, academic research delineating the role of individual and household level resources in explaining exit (or otherwise) are relatively sparse. Of the limited research that provided a resource-based explanation to exit, hardly any research has investigated the influence of a multitude of different resources on the exit process and the subsequent decision to exit. Moreover, the impact of resources on the exit decision has only been studied at the individual level of analysis, despite evidence suggesting an inextricably intertwined relationship between the entrepreneur and the entrepreneurial households. Like the literature on entrepreneurship more broadly, research on entrepreneurial exit largely relies on cross-sectional data. Moving beyond the current understanding that exit is a dichotomous adverse event often equating to business failure, this research attempts to study the exit phenomenon factoring 'the time an individual takes to make the exit decision' to understand the influence of resources to determine (a) who experience an exit event (as opposed to who remain in business), (b) when in the business life course they make the exit decision, and (c) varying exit profiles for individuals. More specifically, this research study entrepreneurial exit from an entrepreneurial resource perspective, paying particular attention to human, financial and time as key resources to succeed, or otherwise, in the entrepreneurial journey. Drawing upon the UK longitudinal household survey (UKLHS), the thesis finds that a combination of human, financial and time resources determines one's faith in business. Overall, the author found support for the original thesis that household dynamics are highly influential in explaining the likelihood of the entrepreneur exiting from their business. The research findings also suggested that whether resources facilitate or constrain entrepreneurial practice, the effect of those resources in determining the exit outcome vary considerably.

The study has made several contributions to the entrepreneurial exit literature. First, this research extends the current knowledge base on entrepreneurship and entrepreneurial exit with its exploration of the role of the resource in the entrepreneur's exit decision. Second, by adopting the entrepreneurial household as the framing context and positioning self-employed/business owners' resource base within the resource base of their household, this study has extended the resource definition to entrepreneur exit, which was earlier looked upon from an owner-centric perspective. Third, the life course analysis generated a more complex picture of entrepreneur exit than those provided by the existing literature. More specifically, by building the nuanced empirical understanding of resource demands, this research offers a broader conceptualisation of exit conditions that enable entrepreneurs and self-employed individuals to experience varying forms of exists. The typology that differentiates voluntary from non-voluntary and positive exit experience from negative experiences helps to respond to the call for reframing exit as an emergent opportunity-based decision rather than a one-off misfortune that often refers to in the exit literature as a ‘failure’ event. At the policy level, research findings challenge the policy discourse that anyone with access to minimum levels of resources and institutional support can start entrepreneurship by highlighting the importance of entrepreneurial capital. This research also challenges the policy understanding that household dynamics are separate from entrepreneurial/enterprise decisions, thereby overlooking the role of the household in entrepreneurial decisions, including exit.

I declare that, except where explicit reference is made to the contribution of others, that this dissertation is the result of my work and has not been submitted for any other degree at the University of Liverpool or any other institution.

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Any errors in the following text are my responsibility.

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Chapter 1: Introduction

Entrepreneurial exit has established itself as a recognised component of the entrepreneurial process (Aldrich, 2015; Albert and DeTienne, 2016) and a unique domain of entrepreneurship research that requires focused attention and precise analysis (DeTienne and Wennberg, 2016). As an individual-level phenomenon, entrepreneurial exit happens when the creators of the firm leave the organisations they helped to create and thus disengage themselves from ownership control and decision-making authority (DeTienne, 2010) while the business may or may not continue (Aaltonen, Blackburn and Heinonen, 2010). This thesis applies the sociological lens of linked lives to show how both individual and household contexts channel entrepreneurship and self-employment outcomes.

1.1 Existing Knowledge Gap

Although research on entrepreneurial exit has grown from a mere trickle to a flood in recent years (Strese *et al.*, 2018), often providing macroeconomic and organisational perspectives (Beynon *et al.*, 2020; Hessels *et al.*, 2011), academic research delineating the role of individual and the household level resources in explaining exit (or otherwise) are relatively sparse. Of the limited research that provided a resource-based explanation to exit, hardly any research offered a comprehensive account of various types of resources that influence the exit process and the subsequent decision to make an exit. Moreover, the impact of resources on the exit decision has only been studied at the individual level of analysis, despite the strong evidence that suggests an inextricably intertwined relationship between the entrepreneurial households and the business (Aldrich and Cliff, 2003). Such research has typically made strong assumptions about the exogeneity of external influences on the decision to exit from the business (Liao, Welsch and Moutray, 2008). Within this thesis, the person engaged in business activities and has experienced the exit event– the entrepreneur/self-employed individual - has been treated as the study's unit of analysis. As the individual entrepreneur/self-employed is embedded in the household and the household provides an essential resource base for the individual, resources measured at the household level has also been used along with the resources measured at the individual level. Recent scholarship has increasingly pointed to the family as the primary social organisation shaping entrepreneurial decisions (Sanders and Nee, 1996) and reminds the author that the notion that work and family are separate spheres is problematic (Hsu *et al.*, 2016). For

example, Wheelock, Oughton and Baines (2003) call for research on the degree and nature of permeability between the boundaries of businesses and households and for studies to be embedded in the micro-business household.

In addition, like the literature on entrepreneurship more broadly (Baptista, Karaöz and Mendonça, 2014), research on entrepreneurial exit largely relies on cross-sectional data (as opposed to longitudinal) and suffers critical sampling (small samples), data (absence of long-term work histories and prospective data), measurement (limits to individual-level measures) and analytical (use of simple linear models that do not account for the endogeneity and the compounded effects) problems. As the ownership of resources available to entrepreneurs is constantly changing, studies restricted to a fixed point in time failed to capture the impact of fluctuating nature of resource ownership over time (Stringfellow and Shaw, 2009). This limits the potential to understand the dynamics during the course of the business and around the times making the exit decision. As shall be shown in the following chapters, the current study builds upon an entrepreneurial resource model informed by the availability and the accumulation of individual, business and household level human, financial and time resources to explore and offer a conceptually rich, empirically robust assessment of the reasons and circumstances of entrepreneurial exit.

In the beginning, the researcher would like to clarify the boundaries of the research. This thesis focuses solely on the event of an entrepreneur making an exit from the venture following DeTienne's (2010) definition and not the business exit. This thesis acknowledges the possibility of the two events, the entrepreneur exiting from the business and the business exiting from the market, which can happen simultaneously, but the data does not allow the researcher to distinguish between the two events. Similarly, in this thesis, the author deals with the actual exit event experienced by the self-employed/business owners, not their exit intention or exit strategies. Throughout the research, the term entrepreneurs refer to both self-employed individuals and business owners unless otherwise stated. Despite the fact that self-employed and business owners are interchangeably used in the literature to represent entrepreneurs, in this research, the author has crafted separate analyses, and interpretations for these two groups following the call of entrepreneur scholars (Dawson and Henley, 2012; Levine and Rubinstein, 2016) who point out there remain significant differences in terms of resource ownership and access between these two groups. Although this thesis uses the term 'entrepreneurial

resources', entrepreneurial capital has been used in the entrepreneurship literature to refer to the availability of resources for entrepreneurial endeavours (see, for example, Kim, Aldrich and Keister, 2006). Thus, in this thesis, resource explanations are aligned with explanations provided by capital in elucidating entrepreneurial exits.

1.2 Research Objectives and research questions

This research aims to understand how entrepreneurial exit can better be conceptualised by the ownership (or lack of) of resources accumulated over the life course of the individual, their households, and the business. Even though the main focus is to provide insights into entrepreneurs making an exit from the venture they have created, the two groups, the self-employed and the business owners, are used interchangeably in the exit literature. The researcher, therefore, conducted separate analyses for the business owners and the self-employed population to determine if the exit pathways and the contribution of resources to this decision vary per the two groups.

1.2.1 Objectives

1. To study a group of business owners and those engaged in self-employment to determine the influence of resources on their exit decision (here resources are grouped into individual's human capital, the financial capital of the individual and members of their household and the 'time commitment' made by the individual both in relation to business activities and towards the fulfilment of household roles.
2. To study a group of business owners and those engaged in self-employment *who made an exit from their business* to determine the influence of resources on the business ownership/self-employment duration/tenure prior to making the exit decision (same resources as in objective one will be considered in here)
3. To understand different forms of exit experienced by the self-employed/business owners considering the combined effect of the entrepreneurial/self-employment tenure and returns from business ownership/self-employment to offer a broader conceptualisation of exit (one beyond the current dichotomous explanation of exit offered by the existing literature).

1.2.2 Research questions

1. To evaluate how business owner's/ self-employment individual's exit decision is influenced by the resources (level and type) they have processed and accumulated over their individual, business and household life courses?
2. To critically analyse how these resources affect the duration a business owner/a self-employed individual remained in business prior to them making an exit?
3. To explore prevalent forms of exit by critically appraising how resources possessed by the business owner/self-employed and their households influence the conditions for these different forms of exit?

1.3 Methodological approach

The research draws upon the first eight waves (2009-2016) of the United Kingdom household longitudinal study (UKHLS), popularly known as Understanding Society (USoc), a longitudinal prospective panel dataset that offers individual and household level data collated from a representative sample of the UK population. In this research, a life course approach was adopted to model exit over the business life course in the context of the life course of the entrepreneur and their household. A test of an analytical life course framework for exit was provided by modelling various resources and resource configurations over the business life course up to and until one experiencing the exit event. A dynamic modelling technique was employed to capture detailed yearly changes within the individual, household and business life-course to provide critical analysis of the research questions. In the first set of analysis, the author employs random effect logistic regression using data from the first eight waves of the survey. The second analysis uses a multiple regression estimator using the longitudinal structure of the Understanding Society data. Given that the dependent variable to study different forms of exit was a categorical variable with four exit conditions, multinomial logistic regression models were chosen to address the third research question. All the analysis mentioned above was conducted for both business owners and the self-employed population to offer clarity in relation to the exit conditions for the two parties. The available exit literature uses the two terms interchangeably and have ignored different resource conditions influencing the exit decision for a self-employed individual to a business owner.

1.4 Main Findings

Our results demonstrate that although economic imperatives are pertinent in explaining exit, other resources explained by entrepreneurial literature (Bourdieu, 2011) are also essential for business survival and success. Overall, the author found support for the thesis that household dynamics across different resources are highly influential in explaining the likelihood of the entrepreneur exiting from their business. The research findings also suggest that whether resources facilitate or constrain entrepreneurial practice, the effect of those resources in determining the exit outcome have considerable variation when entrepreneurial exit ramified by the conditions of the business one operates (based on tenure and returns). The author specifically identified four forms of exit: i. Involuntary negative ii. Voluntary positive iii. Involuntary positive and iv. Voluntary wasted opportunity and offered the resource conditions that determine the four different exit pathways and outcomes. Results from this research also offer some preliminary evidence base to suggest different relationships between resource inputs and exit conditions for the business owners and the self-employed population.

1.5 Research Importance

The study findings simultaneously address several research gaps that together offer potential to extend three bodies of knowledge: entrepreneurial exit, entrepreneurial resources and household explanation to entrepreneurship, eventually leading to the following theoretical and empirical contribution.

1.5.1 Theoretical Contribution

The study has made several contributions to the entrepreneurial exit literature. First, this research extends the current knowledge base on entrepreneurship and entrepreneurial exit with its exploration of the role of the resource in the entrepreneur's exit decision. Based on Bourdieu's (1986) definition of capital, this research also looked at roles played by intangible resources in addition to tangible ones, with the former being significantly overlooked in the exit literature.

Second, by adopting the entrepreneurial household as the framing context, and positioning self-employed/business owners' resource base within the resource base of the household, this study has extended the resource definition to entrepreneur exit, which was earlier looked upon from an owner-centric perspective. This study fully acknowledges that the entrepreneurial household and resource dynamics play a significant role in the entrepreneur's decision to exit, particularly when new resource implications originate due to changes in the household structures that occur over time.

Third, analysis also generates a more complex picture of entrepreneur exit than those provided by the existing literature. More specifically, research findings suggested that whether resources facilitate or constrain entrepreneurial practice, the effect of those resources vary considerably in determining the exit outcome. Therefore, further by looking at returns from business (the year before taking the exit decision) and the time one takes to make the exit decision (duration), it is possible to understand how specific resource dimensions influence the exit decision for some self-employed individuals/ business owners better than others. This analysis is critical to take the entrepreneurial debate forward to understand that exit can take various forms. Different exit forms/pathways are driven by different combinations of resources, leaving self-employed/business owners making an exit with a varying set of experiences post-exit.

Fourth, as resource ownership and access to resources is a dynamic process that changes along the life course of the individual, household and business (Jayawarna, Rouse and Macpherson, 2014), the life course analytical framework used in this research makes a significant contribution to understanding exit contextualised in a changing business and household landscape.

1.5.2 Practical Contribution

The research findings challenged the policy discourse that views anyone with access to minimum levels of resources and institutional support can start entrepreneurship by highlighting the importance of entrepreneurial capital, the lack of which often leads to the exit decision. Findings from this research indicate that varying levels and types of resources are directly related to exit. These resources are owned and shared by both individuals, and their households provide helpful guidance for self-employed/business owners to navigate their business journey successfully to avoid an exit. This research indicates that resources are

important at start-up and exit, which might question the validity of offering a start-up package by business support initiative to promote business start-up and then neglecting the aspects of business sustainability and the relationship that has on resource ownership.

Most importantly, this research highlights the importance of household context and challenges the policy understanding that household dynamics are separate from entrepreneurial/enterprise decisions. This is particularly important, given the findings that 'time' resource is an essential capital for those with household responsibilities, the lack of which drives entrepreneurs out of business. It also advocates that while explaining the role of resources in the entrepreneurial exit, the household context and life course dynamics need to be considered simultaneously.

Another important policy recommendation is that enterprise promotion programmes directed towards business owners and self-employed should not be standardised. It is evident from the research that the type and level of resource availability and the ability of the individual to apply these resources to opportunities vary depending on whether one follows self-employment or a business owner career path. Existing academic literature and policy notes do not make this distinction; therefore, the conditions for entry (or exit) are treated as universal.

1.6 Research Plan

The current study comprises six chapters, which are followed by supporting appendices.

Chapter One: Introduction

> The first chapter presents an overview of the current study as it highlights the research objectives, sheds lights on the main findings, notes of potential contribution and finally presents an overview of the research plan.

Chapter Two: Literature Base

> This chapter reviewed relevant literature in entrepreneurial exit and entrepreneurial resources in order to understand the exit made by the entrepreneurs. In addition, this thesis has also looked upon and reviewed literature that is in alignment with the research

aim. The most critical gaps in the literature are identified by following this process, and research questions are posed accordingly at the end of this chapter.

Chapter Three: Methodology

This chapter deals with the methodological issues and research design, providing the philosophical stances, the justification of using longitudinal panel data, the reason to conduct the research on self-employed and business owners' group, as well as a theoretical and procedural description of instruments used in the study to collect, present, and analyse data.

Chapter Four: Analysis

This chapter contains the data analysis, and the results are presented in sections that reflect the three research questions divided into two sections to provide data related to the self-employed population followed by the business owners. The results of each research question are stated with relevant tables and outcomes.

Chapter Five: Discussion

This chapter has revisited and discussed the key findings to answer the research questions by integrating relevant concepts from the literature. Following the lead of Chapter Four (Analysis), the contents in this chapter have been arranged into two sections offering discussions related to self-employed individual experiencing exit, separate from the resource implications for a business owner experiencing the exit event.

Chapter Six: Conclusion

In the final chapter (Chapter Six), an overall summary of the thesis is provided. Previously identified key gaps were revisited, and justification of the research questions were provided. After that, both theoretical and practical contribution of this study are highlighted. The limitations of the study are then pointed out, some of which offer avenues for future research.

Chapter 2: Literature review

2.1 Introduction

Entrepreneurship as a process consists of many interlinked perspectives, which through dynamic interactions responsible for converting an initial idea into a prolific output (Aldrich and Zimmer, 1986; Moroz and Hindle, 2012). The culmination of an entrepreneurial undertaking can be considered as a natural complement to its origin (Mattes, 2016), the originator (Headd, 2003) and the original context (Wennberg *et al.*, 2010). DeTienne (2010), in her seminal article, argued that venture creation is just the beginning of the entrepreneurial process, and this process will eventually end up with an exit that happens at various times, in various forms and at different levels. Thus, a process-oriented framework is essential to explore different entrepreneurial careers' dimensions since the entrepreneurial activity is not carried out in isolation and at a single point in time. Wennberg *et al.* (2010) see exit as a critical component of the entrepreneurship process and advise scholars to pay equal attention to the start-up to better conceptualise the entrepreneurial process. Following Anderson, Wennberg and McMullen (2019), entrepreneurship is a context-dependent process, where the creation of future goods depends on the cycle of opportunity exploration and exploitation by individuals who can exit as well as re-enter into the process at will. From this viewpoint, the process of entrepreneurship does not end with the exploitation of the opportunity (Reynolds and White, 1997); instead, it accommodates the idea of entrepreneurial cyclicality with reference to exit, remains in and re-entry. This idea of entrepreneurial cyclicality helps view the entrepreneurial process as a combined set of path-dependent relationships with decisions and activities in the later phase built on the activities undertaken in the earlier phases (Kang and Uhlenbruck, 2006).

A further elaboration of the idea of entrepreneurial cyclicality is presented in Figure:2.1. According to the figure, the entrepreneurial process is a continuous loop consisting of three major phases; the exploration phase, the exploitation phase and the exit phase. Though a separate phase is reserved for exit in the loop, exit can happen at any stage/ point in time with or without influence from entrepreneurs. In the diagram, the transition to different phases is displayed by the bold line going clockwise. At the exploration phase, some entrepreneurs terminate their entrepreneurial pursuit (arrow 1) after realising the lack of feasibility with the idea. Those who exit at the exploration stage can re-enter into the entrepreneurial process to

pursue the same opportunity or a different one. After reaching the exploitation phase, entrepreneurs are offered with three options; they can carry on with the exploitation of opportunity to establish the venture or continue the business if already established; they can enter into the exploration phase again (arrow 2) without taking an exit like portfolio entrepreneurs who are running multiple business ideas at the same time; or they can make a transition from the exploitation phase to the exit phase. It may be noted that entrepreneurs can make the transition to the exit phase for both positive and negative reasons. In the exit phase, for some entrepreneurs, the nature of disengagement can be permanent, indicated by (arrow 3) while for renascent entrepreneurs (Stam, Audretsch and Meijaard, 2008), it may be another endeavour to enter the exploration phase with some new ideas and learning from the failure or disengagement.

As suggested in Phase 3 in the above diagram, entrepreneurial exit has established itself as a more recognised component of the entrepreneurial process and a unique domain of entrepreneurship research that justifies focused attention and precise analysis (DeTienne and Wennberg, 2015). In recent years research on entrepreneurial exit has grown from a mere trickle to a flood providing perspectives related to process operating at the macroeconomic, organisational and individual level (Hessels *et al.*, 2011). Exit, the eventual destination for many of the entrepreneurs/entrepreneurial ventures, is still considered a complex phenomenon surrounded by cloudy perspectives (Marlow and Swail, 2015), which requires clarity, both in terms of its theoretical underpinning and empirical support (Wennberg, 2008).

Even though entrepreneurship research demonstrates progress in theoretical development and breakthrough in analysis, there remains a lack of consensus on entrepreneurship's fundamental attributes due to the multidisciplinary nature of the phenomenon. As such, to provide a meaningful predictive and relevant theoretical perspective, theories having their origin in other disciplines (namely economics, psychology, sociology and management) have been adjusted to identify the core attributes of entrepreneurship through effective integration of various perspectives (Amit, Glosten and Muller, 1993). From the economist point of view, the emphasis is given to individual entrepreneur's decisions relevant to resource allocation leading to the particular economic outcome. In contrast, the psychological school emphasises individual's influence on entrepreneurial models by highlighting differences between

individuals' behaviour to identify traits. The sociological approach concentrates on how individuals and their relationship in the pursuit of development are studied to create value, whereas the management perspective focuses on how individuals adjust to the market (Gámez-Gutiérrez and Abril, 2019). Thus, theoretical and methodological insights embedded in other disciplines resulting in a loosely connected domain of entrepreneurial research with a mosaic of issues to be explored (Zahra, 2005). Even though this multidisciplinary nature of the research field has enriched entrepreneurship, it caused difficulty in obtaining an overall picture of the field (Landstrom, 1999).

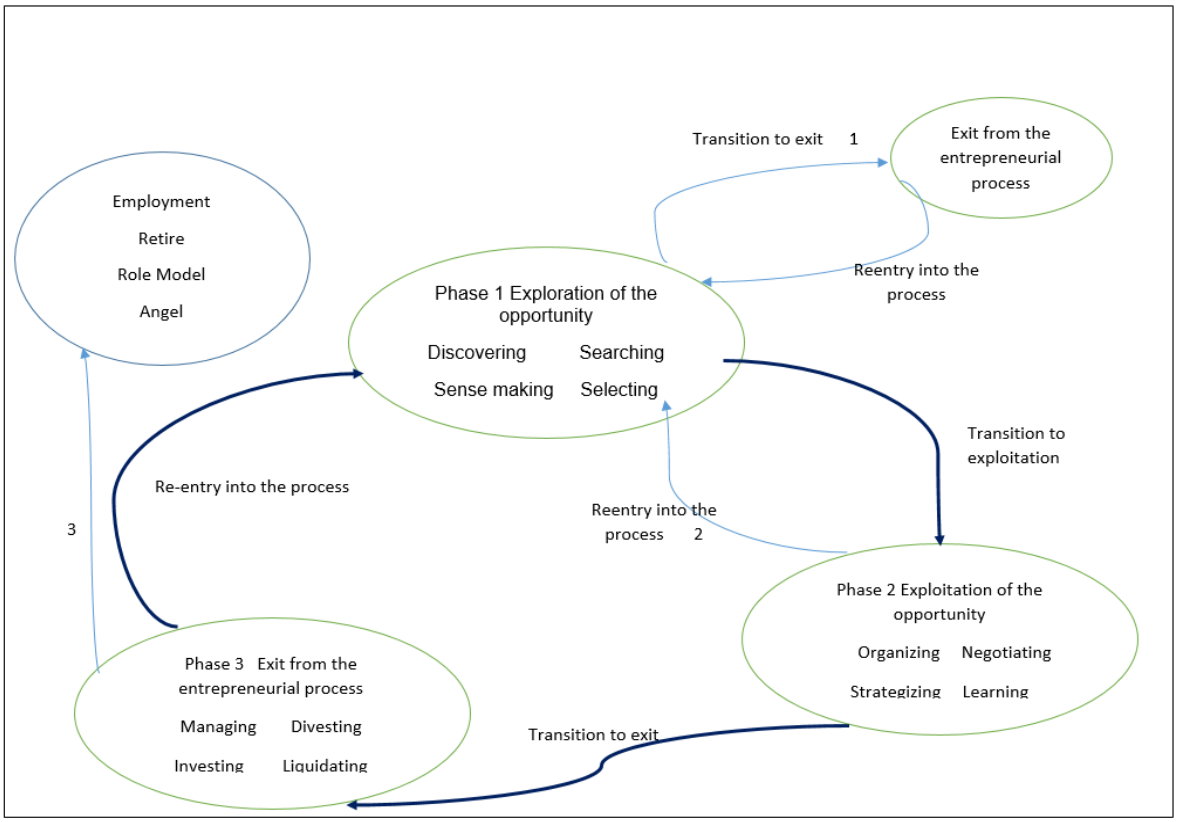


Figure 2. 1 A process model of entrepreneurship (Kang and Uhlenbruck (2006)

The first section of the literature review deals with general characteristics of exit because exit as a phenomenon has not been clearly defined, and the gradient on the boundary of exit has not been set in the contemporary literature (Wennberg, 2008). For example, the unit of analysis, the ways exit being performed, exit strategies and intentions, exit equivalent to failure are some of the fields which need further clarifications. Here, an attempt has been made to explore exit

from different perspectives exploring the key papers from the field (attached in Annexure 1 and 2). In the second section, theoretical perspectives and different contextual issues through which entrepreneurial exit could be looked upon are discussed. Thus, the role of entrepreneurial resources in individual, business and household life course perspectives will be explored to address the knowledge gap. At the end of the section, the preamble to the research questions as well as the research questions will be presented.

2.2 Literature Review -Method

The literature review considers entrepreneurial exit research in the domain of entrepreneurship and social science discipline. It includes studies published mainly between 2008 and 2020, which covers the vast majority of writing on this topic area. A systematic search was undertaken using the Web of Science (WoS) social sciences citation index and Google Scholar and used the words 'entrepreneurial' and 'exit' as search terms in the field of 'topic'. Exit per se is not included in the review as it constitutes an exhaustive literature in its own right, including business exits, which is outside the scope of the review. A further search was made using the search criteria [see table 1] from the collected articles' list of references. Book chapters and other similar sources have been included within the review (Marlow and Swail, 2015) as it did inform the author's thinking about the construct.

Furthermore, the review also includes articles that do not entirely fulfil the selection criteria. For instance, the article by Liao, Welsch and Moutray (2008) did not explicitly mention the term entrepreneurial exit, yet it was included in the analysis as it is one of the founding references for the role of resources in the entrepreneurial exit. This is also applicable for articles written by Kim, Aldrich and Keister (2006) and DeTienne and Cardon (2012), which have implications for the research topic. Therefore, it can be seen that the selection process is shaped by the aim of this review, which is to portray the nuances of the ongoing academic discussion on entrepreneurial exit and how these have contributed to understanding the key concepts in entrepreneurial exit research. Articles in journals outside of the entrepreneurship discipline were added when referred to by other scholars (Vandecasteele, 2011). Next, references in the collected articles were checked to find other relevant papers. Analysis of the collected material was undertaken in a number of steps, as follows. Two spreadsheets (attached as annexure 1 & 2) were designed by categorizing papers under several headings to develop an early sense of the 'shape' of the field. These included such apparent distinctions as theme of the paper,

conceptual vs empirical, and highlighted the research gap, key authors and journals, and the reason for including in the review. These then served to structure the analysis of this thesis and formed the basis of the broader theorizing and understanding of the research topic.

Table 2. 1 Criteria for inclusion and exclusion of articles

Inclusion criteria	Exclusion criteria
Articles published between 2008 and 2020	Articles published in a language other than English
Articles published in peer-reviewed journals Articles published in high-impact journals ranked by impact factor	Articles exclusively focusing on venture exit
Articles focusing on the role of resources on entrepreneurial exit/entry	Articles exclusively addressing business re-engagement after failure
Articles addressing the household/life-course perspective in entrepreneurial exit/management of resources	

2.3 Section 1: Understanding entrepreneurial exit

2.3.1 Definition(s) of exit:

Exit, which is a ubiquitous feature of the entrepreneurial landscape, has recently drawn intense scholarly attention resulting in a growing body of literature (Morris, Soleimanof and White, 2020). Exit has been studied as both an individual and firm-level phenomenon (DeTienne, 2010). DeTienne (2010) gives the most widely cited definition of entrepreneurial exit; as an individual-level phenomenon, when the firm's creators leave the organisations they helped create, thus disengaging themselves from ownership control and decision-making authority, it is termed as an entrepreneurial exit. Stokes and Blackburn (2002) echoed a similar view about the entrepreneurial exit, which is defined as the end of an owner's participation in the business. Here it is implied that even though the entrepreneurs have detached themselves from the businesses, the businesses may or may not continue its operations. It can further be implied that the nature of disengagement might be temporary, as there is a possibility that the entrepreneur may start another venture and re-enter (Hessels *et al.*, 2011) into the process of renascent entrepreneurship. However, Stam, Thurik and Van der Zwan (2010), also taking the

individual entrepreneurship perspective, defined entrepreneurial exit as a stage in the entrepreneurial process where the entrepreneurs have decided to leave the entrepreneurial career but considered the level of disengagement as permanent. At the firm level, exits have been defined in multiple ways; the exit of the firm from the very market they operate (Carree, Verheul and Santarelli, 2011; Mitchell, 1994; Anderson and Tushman, 2001), the suspension of the firm's operation (Carter, Williams and Reynolds, 1997), discontinuity of ownership (Van Praag, 2003; Evans and Leighton, 1989), the firm's closure (Bates, 2005; Gimeno *et al.*, 1997), the firm's bankruptcy or discontinuance (Gimeno *et al.*, 1997), and as the market exit (Decker and Mellewigt, 2007). Thus, firm-level exit refers to the situations where only the firm or the firm along with the entrepreneur, have been withdrawn from continuity altogether. Bates (2005) referred to business closure or business discontinuance where one branch office may face discontinuity, whereas the principal office may continue its operation. Moreover, the relocation of the firm from one region to another is also considered a unique form of firm exit (Jenkins, 2015). An added complexity in the current exit/failure debate is the portfolio/serial entrepreneurs who can make multiple exits and re-entry in the entrepreneurial ventures (Ucbasaran *et al.*, 2010) for both positive and negative reasons. Exit can happen from portfolio entrepreneurship where an entrepreneur simultaneously operate multiple ventures (Parker, 2014), simultaneously own and manage more than one firm (Wiklund and Shepherd, 2008) or make a parallel discovery of two or more business (Alsos and Kolvereid, 1998) or from serial entrepreneurship where an entrepreneur successively move from one firm to another (Plehn-Dujowich, 2010). Exits from these types of ventures received scant attention from scholars (Wennberg, 2008). Together, these studies indicate that entrepreneurial exit can be defined from different perspectives, such as individual volition and autonomy in decision-making and the unit of analysis can also play a relevant role.

2.3.2 Unit of analysis

Analysis of exit can be complicated depending on from which perspective it has been defined. Adding to this complexity is the unit of analysis associated with exit. Wennberg (2011) stated that exit research demonstrated mixed results as it is guided by the multifaceted nature of exit definition and measurement. A significant number of empirical research has been carried out to study exit happening at the firm level (Fortune and Mitchell, 2012; Carree, Verheul and Santarelli, 2011; Doi, 1999). By utilising firm-level data, these researchers attempted to explore

different dimensions of organisational aspects and destinations (Parastuty *et al.*, 2016). The firm-level exit literature often refers to the condition related to entrepreneurs exiting from the business, and the business is also exiting from the market (Bowman and Singh, 1993). However, there has been a growing trend to investigate the exit of the entrepreneur at the individual level while the business is still up and running (Loane, Bell and Cunningham, 2014; Unger *et al.*, 2011; Wennberg, 2008).

DeTienne (2010) stated that to understand entrepreneurial exitone has to understand how motivations, intentions, aspirations, and goals interact with each other inside an entrepreneur's mind. ~~Some~~ Recent attention has focused on investigations into entrepreneurs' human capital aspects (Criaco *et al.*, 2014; Parastuty *et al.*, 2016), their mental conditions (Hessels *et al.*, 2018), their intention to exit (DeTienne and Cardon, 2012) and their disengagement from start-up activities at the nascent stages (Khan, Tang and Joshi, 2014; Yusuf, 2012; Liao, Welsch and Moutray, 2008). In some of the research, the level of analysis is neither the firm nor the individual; instead, it is the intersection between individuals and firms they ventured to create (Wennberg *et al.*, 2010; Sarasvathy, 2004a). Moreover, the household as unit of analysis has been considered to find its effect on exit (Jayawarna, Marlow and Swail, 2020). Van Praag (2003) recommended using the individual as the unit of analysis since the newly founded firm's characteristics, conditions, boundaries, and value-creating ability are typically set by the individuals where individuals are considered the extension of the firms for new ventures (Chandler and Hanks, 1994). Moreover, business exits that utilise firms as the unit of analysis might not be applicable to the small business context (Aaltonen, Blackburn and Heinonen, 2010). Considering all of this evidence, it seems that the unit of analysis in contemporary literature is not standardised; it varies from individual to business to household level or a combination of these. In this thesis, the entrepreneur engaged in business activities and experienced the exit event is considered as the unit of analysis. Being embedded in the household which provides critical resources for the entrepreneurs, resources at the household level are also considered alongwith resources at the individual level.

2.3.3 Ways to perform exit

van der Zwan, Verheul and Thurik (2012) stated that the journey to becoming an entrepreneur is long, implying that to become an entrepreneur, one has to go through different stages of entrepreneurship. Reynolds (1994) stated that the nature of development for an organisation is

evolutionary, and the setting up of a business involves several phases. The phases of the entrepreneurial cycle include conception, gestation, infancy and adolescence, which capture three transitions of entrepreneurial efforts (Reynolds, 1994); *realising a business idea by an adult to become an individual entrepreneur,* pursuing the *entrepreneurial career by starting a new firm by the nascent entrepreneurs with entrepreneurial intention* and developing the nascent business into an entrepreneurial firm where entrepreneurs make a living and subsequently making a profit from the growing business. Moreover, Shane (2000) argued that entrepreneurship is a process of discovery of a business opportunity and its exploitation. Thus, theorisation and discussion on exits also need to follow a process model with an identified start and end phase (Van de Ven, 1992). Even though the entrepreneurial decisions occur within a short period, the entrepreneurial process can be treated as an evolution of the new firm from its birth towards maturity and exit (Stam, Thurik and Van der Zwan, 2010). DeTienne (2010) argued that the entrepreneurial process does not end with creating a new venture but with making an entrepreneurial exit. However, many previous research-treated entrepreneurial pursuits are completed with the creation of a new venture by the entrepreneur. In the literature, plenty of works up to the stage of venture creation and development process are available (see for example (Reynolds and White, 1997; Petty, 1997; Hessels *et al.*, 2018).

Depending on which stage of the entrepreneurial process the exit is made, the nature of the entrepreneurial exit will vary (DeTienne, 2010). If the exit is performed at the initial stages, the decision is not to start a venture by merely terminating the idea of venture creation. As such, the nature of the exit would be passive. The nature of the decision gradually becomes more active as it happens at the later stages where the exits are being performed by established firms with various broad-ranging implications (DeTienne, 2010; Wennberg and DeTienne, 2014). In the infancy phase, the exit may happen due to failure or voluntary disbanding as the firm has to face both liabilities of newness and liabilities of smallness. When the business reaches adolescence, its achieved growth may invite private equity transactions, strategic buy-outs, IPO through which the entrepreneurs may settle the transaction. At the maturity stage, transfer of ownership may be made to a family member, or the venture can be sold to an individual in case of a lifestyle or income replacement founder. By combining the mode of exit (sell-off vs closure) with firms' economic performance, Amaral, Baptista and Lima (2007) asserted four different modes of exit: i. Entrepreneurial failure (closure with low performance)

ii. Divestment choice (closure with high performance) iii. Managerial turnover (sell-off with low performance) and iv. Planned exit strategy (sell-off with high performance).

2.3.4 Exit from an entrepreneurial team

When entering into the business domain alone, entrepreneurs face a formidable challenge in setting up the venture (Fisher *et al.*, 2017). An alternative way to overcome this challenge is to team up with like-minded individuals who have the interest and desire to contribute to the realisation of an entrepreneur's vision (Lazar *et al.*, 2020). The notion of the entrepreneurial team has received scholarly attention based on the understanding that a single entrepreneur is not in a position to accumulate all the resources needed to start and run a venture (Shrivastava and Tamvada, 2011) and that the combined resources, skill, expertise as well as knowledge could contribute towards higher venture performance (Shrivastava and Rao, 2014). Shrivastava and Tamvada (2011) reported that the founder is more likely to exit from the entrepreneurial team following a disagreement. Since entrepreneurs do not always enter into the entrepreneurial venture for pecuniary interest, they may quit when they have to compromise with their independent decision-making ability due to team interventions. However, sometimes it is the growth of the business that paves the way for the founder's exit, which is typically performed by harvest. Boeker and Karichalil (2002) identified that the founder's departure increased as the firm size increased, decreased with the founder's attachment to the firm in the form of ownership (control) and board membership (governance) and had a U-shaped relationship with firm's growth.

Similarly, Loane, Bell and Cunningham (2014) argued that exits of the entrepreneurial founding team are often necessary for the continued internationalisation of the venture. Characteristics of the entrepreneurial team indicate the level of cohesion a team has that could influence a founder's preference to sell shares to external vs existing team members when they exit (Piva and Rossi-Lamastra, 2016). Three indicators of entrepreneurial team cohesion, namely team size, heterogeneity, and family ties within the entrepreneurial team, can affect the probability of selling shares by the founder to external versus internal members. However, Ucbasaran *et al.* (2003) asserted that in contrast to the top management team in larger established organisations, members of entrepreneurial founding teams do not have the external pressure to leave, imposed by the board of directors or the market for corporate control. Family firm teams with more cohesion are less likely to be associated with the exit of the

entrepreneurial founding team members. In contrast, firms exhibiting heterogeneity with regard to teams' entrepreneurial experience are more likely to be associated with the exit of team members (Ucbasaran *et al.*, 2003).

2.3.5 Exit strategies and exit intentions

Exit strategies are the modes through which the entrepreneurs intend to leave the business (DeTienne, McKelvie and Chandler, 2015). In the existing literature, a number of modes are reported, including initial public offering, sale of the business to a third party or another business, merger, management or employee buy-out, family (or third party) succession, discontinuance and liquidation (Hsu *et al.*, 2016; DeTienne, McKelvie and Chandler, 2015). The selection of the entrepreneur's exit route is crucial because it determines different levels of risk (and thereby potential reward), complexity, and level of entrepreneurial engagement (DeTienne and Cardon, 2012). Moreover, developing an exit strategy and moving on to other opportunities facilitate the process of positive exits (Headd, 2003). It merely indicates the entrepreneurs plan at an initial stage, which subsequently guides all of the future actions necessary to ensure everything is happening according to the plan (Wennberg and DeTienne 2014). By utilising threshold theory and theory of planned behaviour (Ajzen, 1991), DeTienne and Cardon (2012) explained that the entrepreneurs' exit intentions are affected by the characteristics of the entrepreneur, including entrepreneurial experience, industry experience, age, and education. Here, the exit route selection is not dependent on the firm's performance, as suggested by Wennberg *et al.* (2010). Moreover, DeTienne, McKelvie and Chandler (2015) stated that exit strategy is often developed along with the firm's plan of actions and setting up an early exit strategy influences the firm's subsequent behaviour. DeTienne (2010) argued that there are unique factors that affect a founder's exit strategy, reasons for exit and exit options depending on the stage at which the entrepreneur or the firm perform the exit from the entrepreneurial process.

Previous studies in the organisation and strategic management field emphasised the role of the financial performance of the venture in determining an exit, but in recent times, the scholarly emphasis is often placed on the recognition that exit can also happen as a result of an entrepreneur's cognitive and volitional decisions (DeTienne and Wennberg, 2016). Sometimes, entrepreneurs' decision to be engaged with the entrepreneurial venture can be explained by the

prospect theory arguments where individuals' decisions to engage in risk-taking activities is influenced not only by expected returns but also by where the outcome of a risky decision will leave them, with reference to a predetermined reference point (Kahneman and Tversky, 1979). Inspired by the prospect theory and based on data from 1,735 Swedish new ventures and their founders collected over eight years, Wennberg *et al.* (2010) maintain that the entrepreneur can utilise four entrepreneurial exit routes based on the owner's assessment of the gains and losses from disengagement. They identified that the venture's performance has a substantial impact on potential exit routes, the development of exit strategies, and the exit process. Rather than treating exit as equivalent to either failure or success they combined two existing theoretical models of entrepreneurial exit to define and investigate four exit routes: exit by liquidation (harvest liquidation, distress liquidation) and exit by sale (harvest sale, distress sale) which can take place for both high and low performing firms. Moreover, the emerging stream of research indicated that the managers' economic and non-economic consideration could also influence the entrepreneurial exit process (Aaltonen, Blackburn and Heinonen, 2010; DeTienne, 2010).

DeTienne and Cardon (2012) empirically examined entrepreneur's intentions to exit across a range of exit routes [IPO, acquisition, family succession, employee buy-out, independent sale and liquidation] and found that entrepreneurs intend to pursue preferred exit path guided by the components of human capital. Of those potential exit paths, acquisition and IPO are associated with higher risk and return. Moreover, in the case of lifestyle entrepreneurship, the entrepreneur may decide to disband the venture through a liquidation exit strategy once it served the purpose. Hence, starting a venture for a personal reason may be an indicator of low financial or growth aspiration (Headd, 2003) as in a lifestyle entrepreneur with a non-performance goal. Moreover, the availability of exit routes and the willingness to exit may differ considerably between a lifestyle and a growth entrepreneur (Wennberg and DeTienne, 2014).

An entrepreneur's intended exit strategy can also be affected by motivation and causation, and effectuation processes. DeTienne and Chandler (2010) pointed out that entrepreneurs who are extrinsically motivated prefer IPO strategy, and they are less likely to consider an independent sale. Moreover, intrinsically motivated entrepreneurs will prefer independent sales over an IPO or liquidation for the exit. DeTienne, McKelvie and Chandler (2015) developed a typology of entrepreneurial exit strategies representing three higher level exit conditions, namely, financial harvest (IPO and acquisition by a company), stewardship (sale to an individual, employee buy-

out and family succession), and voluntary cessation (liquidation and discontinuance). Their research demonstrated how the development of exit strategies is affected by individual and firm-level factors related to the entrepreneurs' motivation, decision-making process, the opportunity that is pursued, team size, and the number of employees.

DeTienne and Chirico (2013) also conducted the examination of exit strategies in the context of family firms and family firm portfolios. They developed a proposition that suggests the existence of a link, moderated by the threshold of performance, between socioemotional wealth, threshold theory and three exit strategies, namely stewardship, financial reward and cessation, identified previously by DeTienne, McKelvie and Chandler (2012). Their study stresses the decisive role of socioemotional wealth in selecting the appropriate exit strategy in the case of a family firm consisting of a single or portfolio of business. Hsu *et al.* (2016) argued that the linkage between family and business could influence entrepreneurs' exit intention. Applying work-family interface theory, which affects male and female entrepreneurs' intention to exit their current business, it was identified in their research that exit intention was more robust for female than male experiencing interference between business and family.

2.3.6 Exit from the viewpoint of nascent entrepreneurs

Nascent entrepreneurs are involved with ongoing but not yet completed start-up processes (Gartner and Shaver, 2012; Reynolds, 2007; Carter, 1996). The conception and gestation phases of the entrepreneurial process are termed nascent entrepreneurship (Reynolds and White, 1997). According to them, the activities of these entrepreneurs revolve around generating a business idea, identifying an opportunity and deciding whether to commit resources to exploit the opportunity. Research on nascent entrepreneurs has tried to discover the individual and the environmental characteristics of the nascent entrepreneurs who have attempted to establish a venture and may experience failure or success in the process (Davidsson, 2006). Since the probability of exit is at the highest at the nascent stage (Aldrich, 1999), nascent entrepreneurial exit should be given proper emphasis and as such, data related to entrepreneurial venture should be tracked from the early stage to ascertain the forces of the whirlwind that may affect nascent entrepreneur's exit. However, it has been observed that in the contemporary literature, the research on nascent entrepreneurial exit is relatively underrepresented (Yusuf, 2012).

Researchers so far have failed to provide an explanation for nascent entrepreneurial exit from a resource perspective (Jenkins, Steen and Verreynne, 2015). Even when the research focus was placed on nascent entrepreneurs' disengagement, the exit was treated as a homogenous group. By utilising the Panel Study of Entrepreneurial Dynamics (PSED-I) database, Liao et al. (2008) conducted a study on nascent entrepreneurs' exit with respect to start-up capital where resource endowment was observed to decrease the probability of discontinuance for technology and non-technology based firms. Moreover, they found that education and managerial experience reduces the chance of discontinuing technology-based firms, whereas industry-specific experiences increase the odds of discontinuance for non-technology based firms. In addition, financial capital, in general, played a significant role in reducing the chances of discontinuance for nascent entrepreneurs. However, the conclusion of the research could have been much more convincing had the heterogeneity of exits been considered or further research was carried out on exit only groups.

Nascent entrepreneurs' exits could be heterogeneous, as suggested in the seminal paper by Carter (1996), where profiles of nascent entrepreneurs were presented. Carter (1996) argued that nascent entrepreneurs, after their disengagement, might give up the idea to pursue entrepreneurial ventures once they realise the inherent weakness of the idea. Thus, it can be concluded that they acted in an intelligent manner as they did not commit scarce resources, further realising their inability to pursue a venture. Based on the turnover literature (Maertz and Campion, 2004), DeTienne (2010) highlighted that nascent entrepreneurs might disengage from the new venture creation process due to alternative, calculative, or normative forces. Alternative forces refer to what better alternative opportunities entrepreneurs have that lure individual to leave their current effort. Gimeno *et al.* (1997) argued that the expertise and skills possessed by nascent entrepreneurs could widen their choices and create significant opportunity costs by raising the performance threshold of their current venturing efforts. Thus, the entrepreneurs are more likely to exit from their firms if they have higher opportunity costs in the form of better jobs, education, or new venture opportunities (Watson and Everett, 1996). Calculative forces indicate the probability that the individuals will achieve their goals at the current venture. If there are hindrances in realising the entrepreneur's goals, the nascent entrepreneurs will disengage from venture creation efforts. Preparing a business plan is one of the ways to ascertain the calculative forces. Delmar and Shane (2003) argued that business planning is an essential precursor to action in new ventures and reduces the likelihood of venture disbanding. They empirically examined the hazard of disbanding 223 new businesses

initiated in the first nine months in 1998. Data collected up to 30 months from the venture initiation stage revealed that business planning reduces the hazard of business disbanding. Thus, those nascent entrepreneurs who make use of a business plan can make an accurate judgement of the environment in which the firm operates and accordingly prepare themselves for possible challenges ahead. Normative forces refer to the individual's perception of family or friends' expectations regarding the venture (DeTienne, 2010). By following Austrian firms for 3-4 years of operation since their inception, Parastuty *et al*. (2016) found that entrepreneurs made an exit due to personal (alternative and normative) as well as firm-related reasons (calculative). Moreover, Yusuf (2012), using the PSED -1 dataset, attempted to explore the effects of calculative forces on nascent entrepreneurial exits where the entrepreneurial exit was found to be heterogeneous. Thus, intelligent exits were made by those entrepreneurs who applied the calculative reason to identify the infeasibility of the business idea and, as such, restrict themselves from making a further commitment of resources. In a similar vein, Toft-Kehler, Wennberg and Kim (2016) demonstrated that highly experienced entrepreneurs are more likely to disengage from new ventures in comparison to moderately experienced entrepreneurs. Thus, using past experience, they quickly disengaged from unpromising ventures (Raffiee and Feng, 2014), which can also be termed as an intelligent exit.

Wicker and Davidsson (2015) argued that the factors responsible for venture continuity might not be relevant to predict venture discontinuity. Hence, some of the factors may be positively associated with both success and disengagement; others may affect disengagement or the length of the start-up process. Moreover, the drivers responsible for disengagement in the nascent stage are different from drivers for successful and established ventures (Wicker and Davidsson, 2015). It can be inferred that nascent entrepreneurship is a distinct chapter in the entrepreneurial process. Thus, a convincing explanation in relation to what and how questions around entrepreneurial exit happening at the nascent stage is essential to complete the entrepreneurial puzzle.

2.3.7 Entrepreneurial exit: Is it failure or success?

A problem in entrepreneurial research lies in distinguishing between entrepreneurial failure and exit, the difference between failing to maintain the continuity of a venturing effort and the sale or planned closure of a successful venture (Wennberg, 2008). The exit of the entrepreneurs

can happen both from firms that are in financial trouble and from those that are performing well (Wennberg *et al.*, 2010). Similarly, Nielsen and Sarasvathy (2018) argued whether survival could be considered a success when entrepreneurs can perform exit for voluntary reasons. If an entrepreneur closes a venture because it is not economically viable, it should be considered a failure (Metzger, 2006). As exits have often been dichotomously represented in most existing models, it is a prevailing notion to infer exit as equivalent to failure. Recently scholars have questioned this representation as it impairs understanding of exit as entrepreneurs performed the exits for a myriad of reasons, both voluntarily and involuntarily. In recent work, Nielsen and Sarasvathy (2018) have described a typology of exit where the criteria for differentiating the voluntary and involuntary exits was the cash flow generated by the businesses.

In addition to involuntary or economically forced exits (Aaltonen, Blackburn and Heinonen, 2010), entrepreneurs can perform exit voluntarily where the firm was discontinued or sold out by the entrepreneurs to another owner (Bates, 1999). Moreover, Amaral, Baptista and Lima (2009) argued that voluntary entrepreneurial exit had been observed to be associated with a diverse range of factors; identification of a better business prospect (Shane, 2000), allocation of scarce resources to better market (McGrath, 1999), a better occupational prospect in the paid job (Van Praag, 2003), re-entrance to the domain of entrepreneurship through start-up or acquisition of the different firms in the market (Westhead and Wright, 1998). The list is further complemented by Justo, DeTienne and Sieger (2015), who argued that strong firm performance (Cumming, 2008), personal reasons (Harada, 2007), even risk reduction strategy (McGrath, 1999) could instigate the voluntary exits. Thus, none of those mentioned above factors for which entrepreneurs embraced voluntary exit is related to the failure.

Gimeno (1997) noticed that even though the entrepreneurs may bring the same amount of resources or achieve similar venture performance, firms with poor performing records might opt to remain in operation (Jayawarna, Marlow and Martinez-Dy, 2019), while firms of similar size and scope with strong performance decided to shut down where organisation survival is dependent on economic and threshold performance. Accordingly, the continuation of the venture is not necessarily an indicator of success when measuring the firm's relative performance (Bates, 2005). He further reported that owners often described their business as successful when they close their business, and better alternative opportunities were cited as

reasons for discontinuing the successful firms. Even at the initial phase, after learning the infeasibility of the business idea, disengagement could be a positive outcome for the nascent owners when it is done in a timely manner (Yusuf, 2012). Sometimes a successful firm can make an exit by sale where non-economic considerations determine the selling price. Kammerlander (2016) has demonstrated how non-economic considerations (e.g. fear of losing control of access to information and control over the organisation, the well-being of the employees) could influence the emotional pricing (non-economic aspects of owner's consideration) while entrepreneurs sell their business to family members, employees, external individual or other firms. Thus, the owners may get a below-market price as a cost of their emotional attachment to the organisation.

There is a procedural flaw in how exit has been operationalised in much of the existing exit research. Traditionally, all cases of business exit have been clustered together by both the individual-level and the firm-level research into one category, represented by a binary variable (1 = survival, 0 = exit, or vice versa) where the exit was primarily depicted as an undesirable outcome for the individual and a failure for the new venture (Nielsen and Sarasvathy, 2018; Wennberg and DeTienne, 2014)). Moreover, one of the critical problems with many earlier data collection approaches was a failure to include choices for distinguishing various categories of disengagement. Thus, previous researchers have grouped all cases of disengagement into one group, treating it as a single category (Yusuf, 2012). However, if it is considered either a failure or a success, the entrepreneurial exit will produce a fragmented and biased view of the exit phenomenon. DeTienne and Cardon (2012) stated that exit is a different construct than failure as it consists of many paths. A broader perspective has been adopted by Coad (2013), who argues that both voluntary and involuntary business exits should be appropriately termed as business death. However, by doing so, it would be unfair to those entrepreneurs who have utilised a pre-planned strategy to make an exit (Hsu *et al.*, 2016). The evidence reviewed here suggests that an overwhelming rate for business exit might result if the business exit is considered equivalent to business failure.

Failure should be viewed as a multifaceted phenomenon depending on how it has been conceptualised using objective and subjective firm-level criteria and the individual level (Jenkins and McKelvie, 2016). Implicit in entrepreneurial research is a firm-level, and individual level failure are conterminous. However, Sarasvathy (2004b) argued that failure of

the firm does not necessarily indicate failure of the entrepreneurs and to develop accurate content in entrepreneurship, emphasis should be placed on the entrepreneur's failure.

2.3.7.1 Learning from failure

Learning from business failure have been positively viewed by many scholars(Lee *et al.*, 2021). Failure will contribute to entrepreneurial learning by making the entrepreneur more capable of facing the volatility that is the inherent characteristics of the environment and thus eventually make them successful (Cope, 2011). However, to materialise the learning from failure, the entrepreneur who founded the failed business must apply this new knowledge by being engaged with another entrepreneurial venture (Shephard 2003, Ucbasaran et al., 2010). Coad (2013) argued that learning from failure should not be treated as a positive outcome unless the claim is validated by evidence of increased performance after failure. From failure, entrepreneurs can experience two types of learning (Nielsen and Sarasvathy, 2011). The first is passive learning which is an indirect way to recognise what their true potentials are. This self-realisation may force the unsuccessful entrepreneurs not to start any venture again (Stam, Audretsch and Meijaard, 2008). The second type of learning from entrepreneurial failure is active learning, which will raise their entrepreneurial skills and competency-based entrepreneurial experience. Ucbasaran *et al.* (2010) stated that a business failure is an event that the entrepreneur can utilise to gain entrepreneurial knowledge and pursue an entrepreneurial career. If entrepreneurs want to be successful after failure, they need to learn from their past mistakes. Entrepreneurs' knowledge is enhanced by the feedback received from experience irrespective of its origin (positive or negative) (Minniti and Bygrave, 2001). As such, entrepreneurial failure can be a learning opportunity for the entrepreneur who previously experienced failure (Green, Welsh and Dehler, 2003).

Moreover, it can also motivate the failed entrepreneur to seek new knowledge and skills that can cover up their deficiency and shortfall. It is expected that failed entrepreneurs' active learning (Nielsen and Sarasvathy, 2011) from failure will be much broader in scope than the learning they will receive while continuing with a venture. Similarly, Cope (2011) stated that learning from failure helps entrepreneurs prepare themselves better for future ventures by stimulating profound changes in self-awareness and the core assumptions and social practices that guide entrepreneurial action. Failure reveals what does not work in the past, which

subsequently guides future entrepreneurial actions (McGrath, 1999) and can also work as a trigger for -making efforts and paving the way for learning (Byrne and Shepherd, 2015). The performance of the firms created by serial entrepreneurs (Westhead *et al.*, 2005) was superior to firms run by novice entrepreneurs (Plehn-Dujowich, 2010). It may indicate that serial entrepreneurs have learned from their mistakes and overcome their limitations when starting new ventures. However, sound mental health is needed to learn from experience and transform that experience into knowledge and future identification and exploitation of opportunities (Hatak, 2021). As entrepreneurs have to carry out multiple activities in a highly unpredictable environment, a stream of research carried out to assess the relationship between mental health and an entrepreneurial process, including entrepreneurial exits (Hessels *et al.*, 2018; Stephan, 2018) as entrepreneurial performance can be facilitated or hindered by mental health condition (Shepherd and Patzelt, 2017).

In order to learn from the failure, an entrepreneur's attitude may play a profound role. Politis and Gabrielsson (2009) argued that having a positive attitude will positively affect the entrepreneur's learning experience from failure. They found that previous start-up experience and experience from closing down a business due to poor performance are strongly associated with a more positive attitude towards failure. If the entrepreneurs have positive attitudes towards failure, it will motivate them to learn from failure and get insights from the situation, changing their mindsets to avoid future mistakes (Cannon and Edmondson, 2005). The entrepreneurs can also learn from the failure provided that there is a congenial and supportive atmosphere that will help them undertake new initiatives after the failure. De Hoe and Janssen (2014) used the concept of psychological capital from positive organisational behaviour to explain the negative consequences of failure and the positive side of learning from failure. They argued that learning from failure and high levels of psychological capital would help failed entrepreneurs pursue their entrepreneurial careers. Avey *et al.* (2009) defined psychological capital as a positive psychological state of development with associative characteristics of self-efficacy, optimism, hope, and resilience. The interaction and mutual influences of these characteristics create a synergy that will motivate the entrepreneur to overcome all the odds (Luthans, Youssef and Avolio, 2007). Thus, psychological capital will help the entrepreneur undertake the entrepreneurial journey again, just like a phoenix obtains new life by rising from its predecessor's ashes.

However, Frankish *et al.* (2012) study of entrepreneurial learning found little evidence of any relation between prior business experience and the survival of the businesses. Based on a large-scale data set comprising 6671 new firms, none of their formulated three tests provides compelling evidence in support of entrepreneurial learning where business survival for three years was used as the performance measure. Thus, it can be inferred that even though some learning took place, it did not translate into improved performance. Some entrepreneurs may also fail to learn due to their inability to apprehend the situation (Scott and Lewis, 1984) or may learn something which may fit with their pre-existing beliefs, thus opening up the possibility of making mistakes in the future (Shepherd, 2003). Moreover, effective learning depends on how quickly the entrepreneurs can overcome negative emotional responses in the presence of grief by relying on grief recovery (Shepherd, 2003).

2.3.7.2 Learning from hybrid entrepreneurship

A significant majority of the entrepreneurs in the United Kingdom either engaged in self-employment or running a business while also associated with wage employment (Burke, FitzRoy and Nolan, 2008). Defined as Hybrid Entrepreneurship by Folta, Delmar and Wennberg (2010), this form of work arrangement is increasingly prevalent in the United States (Klyver, Steffens and Lomberg, 2020; Reynolds, 2016) and many parts of Europe (Raffiee & Feng, 2014). Despite being one of the fastest-growing career statuses, hybrid entrepreneurs have been overlooked by both the careers and entrepreneurship literature (Reynolds, 2016). As such, knowledge about the particular phenomena of hybrid entrepreneurs is scarce, poorly theorised and dated (Demir *et al.*, 2020). In contemporary entrepreneurship research, hybrid entrepreneurship has been portrayed positively and negatively, where negative dimensions of hybrid entrepreneurship were associated with marginalised conditions that compel the entrepreneurs to undertake self-employment activities (Block and Landgraf, 2016). It can also be seen that surprisingly small literature on hybrid entrepreneurship tends to adopt the definition of hybrid entrepreneurs provided by Folta, Delmar and Wennberg (2010), who looked at hybrid entrepreneurship from a positive aspect as the process of starting a business while simultaneously continuing with a primary job in wage employment. Thus, small-scale entry to hybrid entrepreneurship can be compared with the real option; the wage employee will enter into the world of entrepreneurship if the return is positive, whereas exit from the entrepreneurship realm will be the possibility if the initiative fails to generate any positive

outcome. Considering the life course perspective, this widely cited definition of hybrid entrepreneurship is static, which fails to consider the fact that successful entrepreneurs can make staged entries. If the learning experience from hybrid entrepreneurship is overgeneralised, it may result in a limited understanding of this phenomenon. This is observed in the research conducted by Raffiee and Feng (2014), who asserted that the survival rate of hybrid entrepreneurs who switched to full-time entrepreneurs was higher than those who have entered into self-employment directly from waged employment. They identified that hybrid entrepreneurs with prior entrepreneurial experience have a higher survival advantage and reduced exit hazard due to the learning effect during the time of hybrid entrepreneurship. Moreover, the definition provided by Folta, Delmar and Wennberg (2010) also ignored that entrepreneur's actions are bounded by social contexts resulting in an inconclusive understanding of entrepreneurial actions.

2.3.7.3 Cost of failure

When disengagement equals failure, it is an indication of wastage of resources. Small business failure can be very costly to the economy (Watson and Everett, 1993). Learning from failure is difficult, especially for entrepreneurs who have just lost their business (Byrne and Shepherd, 2015). The significant costs associated with experiential learning from failure are financial, social, and psychological (Ucbasaran, 2013; Lee *et al.*, 2021) in nature. The presence of these related costs may hinder the process of experiential learning from failure. If the cost of failure (financial, social and psychological) is too high compared to the benefits of learning, entrepreneurs may choose to exit from their entrepreneurial careers. This is termed as a failure as there is no scope for the entrepreneur to apply the knowledge they gained by experiencing failure. However, the psychological cost of business failure is lowered and reduced more quickly in the social context, which is characterised by a culture of forgiveness of failure (Ucbasaran, 2013). Moreover, the financial and emotional costs (Cope, 2011) are lessened when the cost of recovery and grief is distributed among multiple owners (Kalleberg and Leicht, 1991), thus making it less severe (Baù *et al.*, 2017).

Failure may also bring grief to the entrepreneurs who made a significant financial commitment (Jenkins and McKelvie, 2016; Shepherd, 2003, Ucbasaran et al., 2013). Simmons, Wiklund

and Levie (2014) argued that stigma associated with failed entrepreneurs could act as a stimulus for the entrepreneur to be engaged with innovative behaviours, but the level of stigma associated with regulatory conveyance can create an obstacle for the re-entry of the entrepreneurs. The high stigma associated with entrepreneurship failure may prevent an entrepreneur from being involved with entrepreneurial action or encourage them to carry on with a non-viable project, thus increasing the financial cost at the expense of deferring the social cost (Shepherd and Patzelt, 2017). Moreover, Metzger (2006) argued that failed entrepreneurs might be reluctant to undertake any growth-oriented decisions due to intimidation, leading to sub-optimal performance.

2.3.7.4 Renascent entrepreneurs

Renascent entrepreneurs are those who have re-entered into entrepreneurship after their exits (Baù, Chirico and Zahra, 2013; Nielsen and Sarasvathy, 2016). Re-entry after exit is standard because the entrepreneurial process is associated with learning in all stages, including the exit stage (Minniti & Bygrave, 2001). Thus, the profound knowledge constructed by the accumulated knowledge from a particular domain (Cohen and Levinthal, 1990) may influence the re-entry process. Thus, renascent entrepreneurs can gather valuable accumulated learning from their previous entrepreneurial exposure. Research has been conducted to discover the impact of learning associated with entrepreneurial experience on venture performance. It can be inferred from the discussion in section 2.3.1 that entrepreneurs who have started afresh after their exit have a better chance of survival. Cope (2011) stated that learning from failure is critical since it prepares the renascent entrepreneurs to face the uncertain future better.

Researchers have scrutinised the factors associated with failed entrepreneurs' decisions to come back and launch new firms and identified the following (Baù *et al.*, 2017);

i) Sometimes, an entry is made to apply the learning from failure and the accumulated human capital (Byrne and Shepherd, 2015; Cope, 2011)

ii.) Re-entry may be owed to the process of grief recovery (Shepherd, Wiklund and Haynie, 2009)

iii) It may empower the failed entrepreneurs with improved abilities to evaluate new business opportunities (Davidsson and Honig, 2003)

By utilising a longitudinal data set for 27 years (1980-2007), Nielsen and Sarasvathy (2011) found that it was not the learning from failure, rather prior industry experience and educational background of the entrepreneur that determine the venture performance. They added that education in the form of absorptive capacity helped those entrepreneurs to learn from failure. Similarly, Stam, Audretsch and Meijaard (2008) argued that a high endowment of human capital might facilitate renascent entrepreneurs' learning from the entrepreneurial experience through absorptive capacity indicating a positive relationship between human capital and the possibility of ex -entrepreneurs becoming renascent entrepreneurs. Thus it can be inferred that entrepreneurs' knowledge and experience are crucial to enhance absorptive capacity (Jones, Macpherson and Thorpe, 2010).

Human capital theory (Becker, 1964) could provide an explanation for the re-engagement of the entrepreneurs once they made an exit. Davidsson (2006) argued that a higher level of human capital could increase a person's venture start-up initiation. Renascent entrepreneurs who have closed a business and prepared their restart can be characterised by different factors; Young age and higher education by Wagner (2002), human capital (higher education and multiple entrepreneurial experiences) by Stam, Audretsch and Meijaard (2006), human capital (experience) by Stam and Schutjens (2006). Using a longitudinal data set, Baù, Chirico and Zahra (2013) found that entrepreneurs' age is an essential factor to consider when they opted for subsequent re-entry where this relationship is moderated by gender in a complex manner. Moreover, based on 240 ex-entrepreneurs, Stam, Audretsch and Meijaard (2008) undertook mixed-method research and reported that renascent entrepreneurship is a pervasive phenomenon in modern society. It is entrepreneurial human capital and social capital which have effects on renascent entrepreneurs. However, Metzger (2008) argued that the chances of restarting a business after failure would be slimmer, especially if the exit is made due to financial debt accrued to a bank. In that case, it would be difficult, if not impossible, for the venture to seek credit from external sources again. Moreover, Rocha, Carneiro and Amorim Varum (2015) argued that serial entrepreneurs in their second entrepreneurial effort in the same industry experienced reduce exit rate, which is not due to learning. This is consistent with

Thompson (2009) finding who observed that learning took place when entrepreneurs have to deal with similar situations. Thus, even though there are some anomalies in many of the studies, it is apparent that human capital components have the capabilities to explain entrepreneurs' reengagement with another venture after their exits. However, in most studies, human capital was treated as a fixed asset, the validity of which is inquired by Cunliffe (2002), who argued that learning from experience by both reflection and reflexivity can increase the human capital endowment of the entrepreneurs emphasising the importance to consider dynamic human capital.

2.4 Section 2: Entrepreneurial resources and their contribution to exit

There has been much discussion about entrepreneurial resources and entrepreneurial processes, including start-up ventures. The entrepreneurial exit being a path-dependent process (Taylor, 1999), resources required for launching and growing a venture impact how and when the entrepreneur performs the exit. Although this research uses the term 'entrepreneurial resource' in this thesis, the same is referred to as entrepreneurial capital in literature (Kim, Aldrich and Keister, 2006). Thus, in this thesis, entrepreneurial resource explanations are aligned with entrepreneurial capital explanations to exits. However, to date, insights into the role of entrepreneurial resources related to entrepreneurial exit are lacking. Following discussions in contemporary literature, it can be seen that the existing knowledge base is revolving around the concept that resources or lack of resources lead entrepreneurs to make the decision to exit (Kim, Aldrich and Keister, 2006). While investigating the literature, an attempt is made to understand the role of resources deployed under the control of entrepreneurs in their exit and understand existing literature explaining exit.

2.4.1 Resource-based view theory

The resource-based view (RBV) looks at the firm as a heterogeneous bundle of idiosyncratic, inimitable, rare resources and capabilities (Barney, 1991). The RBV states that a firm is a heterogeneous bundle of tangible and intangible resources where the entrepreneur's job lies with the stages of developing, acquiring and assembling the resources to achieve a competitive edge for maintaining superior performance (Barney, 1991; Wernerfelt, 1984). As identified by

the RBV, both tangible and intangible resources equip the venture with capability where tangible resources are crucial for survival and growth while intangible resources are there to achieve a competitive edge (Jones, Macpherson and Jayawarna, 2013). According to RBV, firm performance and sustainable competitive advantage may be achieved by the resources under the firm's control (Hofer and Schendel, 1980). Even though RBV has found more comprehensive applications in entrepreneurial research, there is not a proper consensus on what is meant by resources (Kraaijenbrink, Spender and Groen, 2010), and existing RBV research are linked to large firm resources, which may be quite different in nature from younger smaller entrepreneurial firms (Carland *et al.*, 1984).

Alvarez and Busenitz (2001) have extended the idea of RBV in the realm of entrepreneurship by arguing that the cognitive ability of entrepreneurs can recognise the opportunity and assemble resources to generate heterogeneous outputs from the firm. For new firms, the firm can be thought of as an extension of the founder (Chandler and Hanks, 1994). Kraaijenbrink (2011) argued that as RBV treats all resources as conceptually equal, there is no way to differentiate human Capital from another type of resource. Thus, the entrepreneur's ability to identify, recognise, combine, and organise the resources indicates a unique and competitive resource. Moreover, it is the human capital that provides the competency to contribute to a performance differential.

Many entrepreneurship scholars regard the concept of capital as an extension of the resource-based perspective (Penrose, 1959; Barney, 1991) of the firm (Brush, Greene and Hart, 2001) and highlighted the importance of various forms of capital contributing to venture start-up (Erikson, 2002; Firkin, 2003) and its continued development (Davidsson and Honig, 2003). By drawing on the concept of entrepreneurial capital, Firkin (2003) demonstrated that in addition to financial capital, other types of capital owned by entrepreneurs and available to them through networks and relationships could affect the entrepreneurial process, which includes business performance. Several scholars in the entrepreneurship realm (Gorton, 2000; Firkin, 2003) firmly recommended Bourdieu's (1986) perspective on capital concerning business ownership as Bourdieu adopted a broad view of capital "to account for the structure and functioning of the social world". Here entrepreneurial capital was theorised as a robust means of conceptualising and describing various financial and non-financial resources (Erikson, 2002;

Firkin, 2003, Jayawarna et al., 2014 and Marvel et al., 2014). According to Bourdieu, the objective nature of social structure's includes economic and non-economic resources (economic, social and cultural capital). Economic capital refers to any capital that can be transformed into money directly (Bourdieu, 2011). Literature suggests that in addition to playing an essential role in a start-up business, economic capital can influence the closure of the business (Firkin, 2003). Bourdieu considered education and experience in his definition of cultural capital. Stringfellow and Shaw (2009) argued that despite having subtle differences, cultural and human capital are used interchangeably when the impact of education and experience on the entrepreneurial process is discussed. In contrast, the subjective aspect of social structure deals with symbolic capital developed from the implied classification systems utilised by the individuals while interpreting behaviours of others in social engagement (Shaw *et al.*, 2009). In these emerging social structures, individual positions are articulated by the amounts and forms of capital controlled by individuals and emphasis placed by others on such capital, making the positions hierarchical (Bourdieu, 2011). According to Bourdieu, these "socially instituted" relationships could be a source of particular resources and benefits enjoyed by individuals by being a part of the family. Bourdieu's arguments have important implications for entrepreneurs who live in a household where socially constructed norms can affect their experience with business ownership and performance. Moreover, following Alvarez and Busenitz (2001), socially constructed structure will provide uneven advantages for different household members if the relative value of the resources is determined by their perception (Alvarez and Busenitz, 2001). As such, social structure based on society's taken for granted tacit assumption towards members of the household will play a critical role in determining their time availability and time commitment towards entrepreneurship. Bourdieu (1986) viewed the social world as accumulated history, which implies that various forms of capital can experience accumulated effects over time, which may grow or decline at different stages. By adopting Bourdieu's broader perspective on capital, this research will examine how broad conceptualisation of resources can influence the entrepreneurs exit dimensions.

2.4.1.1 Human Capital

Human capital is an influential predictor of a person's proclivity to establish a new venture (Jones, Macpherson and Jayawarna, 2013). Human capital theory was developed to explain the value of education (Becker, 1964) and indicates that people have different knowledge and skills

to attain higher earning power. Brüderl (1992) suggested a framework for recognising general and specific human capital (Becker, 1964) where general human capital comprises the level of education, and specific human capital includes both work experience and industry-specific experience. Moreover, general human capital can be transferred from one context to another without significant reduction in value (Gimeno, 1997), while specific human capital cannot be easily transferred from one activity to another (Shepherd & Wiklund, 2006). Becker (1964) stated that knowledge and skills (outcome) are the results of investment in education and work experience. Davidsson (2004) argued that it is apparent from past research that investment-based constructs are indirect predictors of human capital, whereas outcome-based indicators are direct human capital predictors. Moreover, Unger *et al.* (2011) suggested that entrepreneurial success is more aligned with outcomes-based predictors of human capital than investment-based indicators.

However, formal education as a human capital indicator cannot be underemphasised, as it assists in the capacity building of the entrepreneurs (Van Praag, van Witteloostuijn and van der Sluis, 2013). As an integral part of human capital (Schuller, 2001), formal education can develop the entrepreneur's critical thinking, effective communication, ability to make a sound decision (Gupta and York, 2008) and also offers credential and legitimacy for running an organisation (Kim, Aldrich and Keister, 2006). Besides, to provide assistance to accumulate new knowledge and skill, formal education also supports the entrepreneur to acquire other resources. Thus, the acquisition of resources, by turn, increases the entrepreneur's ability to discover and exploit business resources (Van Praag, van Witteloostuijn and van der Sluis, 2013).

By performing a critical review of the existing literature, Marvel, Davis and Sproul (2016) found that the most common type of human capital construct was work experience, followed by education and self-employment experience. The importance of experience cannot be underestimated as it assists an individual to develop a relationship with the social network, which opens the possibility to access the most exclusive or least-cost resources for setting up the ventures (Jones and Jayawarna, 2010; Parker, 2018). The value of human capital is enhanced when associated with a specific task (Unger *et al.*, 2011). Based on its association with the current task, Cooper (1994) divided human capital into two constructs; task-related human capital relates to the current task of the business owners (start-up experience, industry

experience, professional skills) and non-task human capital, which is not related to the current task (formal education and employment experience). Moreover, Unger et al. (2011) reported the greater need for task-related human capital to understand different aspects of entrepreneurship.

Scholars acknowledged that age as a potential human capital indicator is critical to provide the entrepreneur with tacit knowledge (Atherton, Wu and Wu, 2018; Pérez-luño, Saparito and Gopalakrishnan, 2016) influencing individuals' entrepreneurial success (Hisrich, 1990). Despite used as a control variable in many studies, the theoretical implication of age in the entrepreneurial discipline has rarely been elucidated (Zhao *et al.*, 2020). As life experience that comes with age helps entrepreneurs make informed decisions (Azoulay et al., 2020), it is reasonable to assume that entrepreneurs' exit propensity decreases as the entrepreneurs have more excellent command over human capital accumulated over time through professional and other life experiences (Block and Sandner, 2009). The relationship between age and exit, however, has not been studied in the entrepreneurship literature.

The importance of human capital in different phases of entrepreneurs' life is evidenced by the critical review conducted by Marvel, Davis and Sproul (2016). It starts with discovering and creating entrepreneurial opportunity (Alvarez and Barney, 2007) to allow the entrepreneurs to exploit opportunities by acquiring financial resources and launching ventures (Bruns *et al.*, 2008; Dimov, 2010) and lastly, to assisting in new knowledge accumulation and creation of compensations for new ventures (Bradley *et al.*, 2012). Hence, it is important to look at the impact of human capital on the entrepreneurs' life course rather than a fixed point. Jayawarna, Jones and Macpherson (2014) examined the relationship between human capital and the tendency to be an entrepreneur and found that start-up is credentialed to human capital acquired at an earlier phase of the entrepreneurs' life course. In another study, Jayawarna, Rouse and Macpherson (2014) reported that the origin of nascent entrepreneurship lies with persistent class structures that can determine the access to the resources necessary to start a business. Moreover, they also discussed how gender could interact or disrupt the path structure relationship. Overall, there seems to be some evidence to indicate that the relationship between human capital and the entrepreneurial outcome is neither direct nor static, as portrayed in previous literature.

The effects of human capital indicators are not symmetrical. Instead, they may play diverse roles depending on the stage of the entrepreneurial process. A specific type of human capital may be relevant in one stage, while in another phase, the same human capital might have little relevance in attaining a milestone of the entrepreneurial process (Marvel et al., 2016). This is supported by Davidsson and Honig (2003), who argued that the specific human capital might find its usefulness in the start-up phase of nascent entrepreneurship and venture development while general human capital is required for survival and growth (Cooper, 1994) and to achieve IPO offer where specific human capital's contribution is negligible (Dimov and Shepherd, 2005). This argument is supported by Block and Wagner (2010), who noted that opportunity and necessity entrepreneurs differ in terms of their life experience. Since the effects of human capital are not uniform, it is crucial to consider the contextual condition in which human capital is applied (Marvel et al., 2016) where the effectiveness of human capital influenced by the context.

Within the frontier of entrepreneurship, the application of human capital theory is gradually increasing, where human capital attributes have consistently been linked with entrepreneurial success (Unger *et al.*, 2011; Millan *et al.*, 2014). Here, success is considered to be a multidimensional construct measured in size, growth and profitability. By employing discriminant analysis on a nationwide random sample of 4429 firms owned by non-minority male entrepreneurs, Bates (2005) identifies that small business longevity is determined by the owner's human (level of education) and financial capital. Kim, Aldrich and Keister (2006) identified that the human capital indicators based on advanced education and managerial experience significantly positively associated with an entrepreneurial entry (stock of human capital). By drawing on RBV, Coleman, Cotei and Farhat (2013) found that education, life and work experience, adequate start-up capital are the resources for firm survival for both the manufacturing and service industry. Baptista, Karaöz and Mendonça (2014) argued that the founder's pre-entry capabilities (general and specific human capital) could play an important role in enhancing survival chances for opportunity-based entrepreneurs. In contrast, the previous entrepreneurial experience is found to be essential for necessity-based entrepreneurs to persevere. At various levels of analysis, the relationship between human capital and the entrepreneurial outcome is observed to be positive (Hogendoorn *et al.*, 2019; Martin, McNally and Kay, 2013)). Van Praag (2003) had a different opinion regarding how to measure business success and argues that business success depends on how long one can survive and prevent

involuntary exit. In order to quantify person-specific determinants of survival duration and success in business, he used both a competing and straightforward risk model on a sample of a young self-employed white male in the USA. The business hazard varies with age, within-industry and within-occupation experience and not with the other usual human capital determinants of wages such as education and general labour market experience, years of self-employment experience and assets. However, the literature remains fragmented due to varying conceptualizations of human capital attributes, selection of success indicators and study contexts (Marvel, Davis and Sproul, 2016; Unger *et al.*, 2011).

It can be seen from the existing literature that the predictors of human capital have relevance with venture failure. Rauch and Rijsdijk (2013) asserted that general and specific human capital has a different effect on business start-up growth and failure. Their study using a sample of 201 business start-ups over a period of twelve years identified that the effect of general human capital on failure is mediated by growth, whereas specific human capital is found to have an adverse impact on business failure. Lee and Lee (2015) argued that the entrepreneurs' labour helped them realise a successful entrepreneurial exit. Moreover, Toft-Kehler, Wennberg and Kim (2016) argued that the relationship between entrepreneurial experience and likelihood of disengagement is U-shaped, indicating that disengagement for novice and highly experienced entrepreneurs will be quicker than moderately experienced entrepreneurs.

For nascent entrepreneurs, the mode of entry to entrepreneurship might play a role in developing their human capital. Entry to entrepreneurship can be made by creating a new venture or acquiring an existing firm (Parker and Van Praag, 2012). Thus, the entrepreneurs who take over an existing business would get ready access to an existing business, customer base, and networks compared to entrepreneurs who have to start afresh and thus engage with complexities and riskiness (Tarola, Gabszewicz and Laussel, 2011). These two groups' learning experience is expected to be different in the entrepreneurial process and may result in different levels of human, financial and social capital (Parker and Van Praag, 2012).

From the previous discussion, it is apparent that formal education assists the entrepreneur in acquiring new knowledge and skills. Also, prior experience in entrepreneurship augments entrepreneurs' stock of human capital and as such enhances their entrepreneurial absorptive

capacity (Qian and Acs, 2013). This previous experience can be a priceless asset for re-nascent entrepreneurs to recognise the existence of an opportunity for re-entry (Ucbasaran, Westhead and Wright, 2008). The superior performance of portfolio entrepreneurs over serial and novice entrepreneurs is a testament to this fact (Westhead *et al.*, 2005). Thus, it can be inferred that over time, human capital indicators will reflect the dynamic changes through interaction with the forces internal and external to the business environment. Unfortunately, until recently, most researchers treated human capital as static (Jayawarna, Jones and Macpherson, 2014) over time and try to explore its effect on entrepreneurial performance where the applicability of the commonly available human capital indicators are misleading.

Given the increasing interest among scholars on the subject of the entrepreneurial entry and subsequent achievements, often measured in terms of venture performance (Shrader and Siegel, 2007) and growth (Colombo and Grilli, 2005; Rauch and Rijsdijk, 2013) in relation to various resource dimensions, including human capital, there remains poor theorizing in terms of how the level of the human capital of the entrepreneur affecting the decision to entrepreneurial exit. While both positive and negative influences can be predicted (based on positive or negative exit episodes), the lack of knowledge base in the area of entrepreneurial exit makes conceptualization of human capital influence to entrepreneur exit difficult on two fronts: entrepreneur exit due to the poor/excess of ownership of human capital is less understood, but the research that has been undertaken on the topic of human capital influence on exit treat human capital (Liao, Welsch and Moutray, 2008; DeTienne and Cardon, 2008; Dimov, 2010; Baptista, Karaöz and Mendonça, 2014) at a fixed point in time; entrepreneur exit as a result of (non)accumulation of human capital over the life course of the business has been ignored. Those papers would have been more convincing had they adopted a dynamic perspective towards human capital. The following discussion points to those two areas:

In a study of 830 nascent entrepreneurs based on PSED data, Liao et al. (2008) identified that education and managerial experience decrease the likelihood of discontinuance, whereas work experience and start-up experience did not have any significant impact on discontinuance. The absence of the effect of industry-specific experience on discontinuance may be due to their inflexibility and less innovativeness. Using secondary data and cross-sectional design for established firms, DeTienne and Cardon (2008) identified that both general and specific human

capital had an impact on the voluntary exit strategies of the entrepreneurs where it would be interesting to watch what roles would be played by human capital if it were actual exit. Moreover, Baptista, Karaöz and Mendonça (2014) identified that human capital has a differential impact depending on the type of entrepreneurship. For both opportunity and necessity-based entrepreneurs, possessing a higher level of education raised their probability of early survival. Moreover, work experience, industry experience, and managerial experience only contribute significantly to increase the probability of early survival of opportunity-based entrepreneurs. The higher stock of knowledge provides opportunity-based entrepreneurs with higher cognitive ability, making them more productive and efficient. Using longitudinal data from the Japanese manufacturing industry, Kato and Honjo (2015) identified that entrepreneurial human capital measured by educational background is vital in reducing the probability of bankruptcy in high tech sectors. Moreover, in the same study, educated entrepreneurs could guess the ominous signal in advance and were more likely to make voluntary exits in high- and low-tech sectors and thus restrict themselves from a further commitment of resources.

As can be seen from the studies mentioned above, many of them were conducted on nascent entrepreneurs, ignoring the other phases of the entrepreneurial process as general and specific human capital may have a differential impact when considering different phases or milestones during the entrepreneurial process. Thus recent entrepreneurial theorizing calls for a process view of entrepreneurship as the human capital components may have different levels of association with different phases of the process (Dimov and Shepherd, 2005; Davidsson and Honig, 2003). Moreover, a large and growing body of literature has investigated the relationship between human capital and its outcome by adopting a static approach even though the call is to consider the dynamism of human capital while exploring the relationship (Martin, McNally and Kay, 2013; Marvel, Davis and Sproul, 2016; Baron and Shane, 2007; Westhead and Wright, 2015). In this respect, a more complex conceptualization of entrepreneurs' evolution through environmental influence is needed, which can reflect entrepreneurial life course more vividly (Jayawarna, Jones and Macpherson, 2014).

Ployhart, Van Iddekinge and MacKenzie (2011) argued that human capital, the fundamental determinant of success in self-employment (Henley, 2004), is not static rather, it varies with

time (Cooper, 1994; Rauch and Rijsdijk, 2013). The links between educational attainment as a static level of human capital and entrepreneurship are ambiguous (Unger *et al.*, 2011). Heinz (2002) shared a similar view, who argued that an individual's future outcomes arise from personal, family and work histories rather than from achievements fixed in time. The relationship between human capital and entrepreneurial outcomes is contingent, whereas most empirical studies focused on a direct relationship without considering moderating construct (Marvel, Davis and Sproul, 2016). In addition to the human capital that accompanies entrepreneurs when they start their business, human capital accumulated over the passage of time through training and work experience is also pertinent (Jones, Macpherson and Jayawarna, 2013). Thus, it could be possible for the entrepreneurs to increase their initial stock human capital while carrying out their entrepreneurial activities through interaction with others (Rae and Carswell, 2001) and learning from their experience associated with success or failure (Cope, 2011) through both reflection and reflexivity (Cunliffe, 2002). Cressy (1996) argued that entrepreneur's stock of human capital stock is accumulated with the investment of experience, education, and time during the entrepreneurial life cycle.

It can be inferred that human capital accumulated over time will be more accurate in predicting the venture's outcome as it is based on tacit knowledge, which helps the entrepreneurs make knowledgeable decisions in an uncertain time (Minniti and Bygrave, 2001). In a study conducted by Westhead et al. (2005), novice entrepreneurs trailed behind portfolio and serial entrepreneurs in terms of opportunity identification, the most influential business aspect in the entrepreneurship discipline (Short *et al.*, 2010). Thus, an entrepreneur's alertness (Westhead et al., 2005), better managerial and technical skill (McGrath and MacMillan, 2000) increased by previous knowledge can help to identify hidden and unexplored opportunities (Shane, 2000). Also, prior business experience is a learning exposure that increases the serial entrepreneur's future business success (Lafontaine and Shaw, 2016). Baù *et al.* (2017) stated that evidence suggests the performance of serial entrepreneurs (Westhead et al., 2005) is frequently better than that of novice entrepreneurs (Plehn-Dujowich, 2010), even in the case of serial entrepreneurs who possessed previous failure experience (Headd, 2003). Entrepreneurs who have accrued experience as business owners should have a higher accumulated level of entrepreneurial human capital (Ucbasaran et al., 2003, Stam et al., 2008). Post entry learning is another vital aspect of human capital that affects firm survival (Fontana and Nesta, 2010). Because the entrepreneur can only learn about the market and build their knowledge and skills

after launching the start-up and many of the entrepreneurial skills are difficult to learn before entry (Fu, Larsson and Wennberg, 2018), some of the initial stocks of human capital can attend a higher level depending on the stage of the journey the entrepreneur is currently positioned.

According to Unger et al. (2011), task relatedness of human capital can ensure higher performance as human capital can be applied and successfully transferred to a specific task. Human capital with high task-relatedness is associated with better knowledge about the customer, supplier, product, and services (Gimeno et al., 1997). Moreover, it facilitates the acquisition of new knowledge. Depending on the similarity between new and old knowledge, the transfer of knowledge can be smooth (Cohen and Levinthal, 1990). Learning by entrepreneurs significantly increases by past experience and how it aligns with present activity (Toft-Kehler et al., 2014), where much of this learning is due to the accumulation of knowledge (Lippmann and Aldrich, 2016). From the above discussion, it may be inferred that entrepreneurial experience from the business can be considered task-related human capital related to the entrepreneur's current task and involves acquiring new knowledge.

Currently, researchers have produced contradictory results regarding the relative contribution of different human capital indicators. This implies that the operationalization of human capital indicators may not be appropriate, or some social contexts need to be taken into account. As such, it creates a barrier to understand the realm of entrepreneurship. In most existing research, human capital constructs relied on coarse measurement, while the necessity for a fine-grained approach that can address precise variance among the human capital components remains unaddressed. Marvel, Davis and Sproul (2016) argued that the oversimplified operationalization of variables could limit understanding a complex phenomenon like entrepreneurship. In this respect, Jayawarna, Rouse and Macpherson (2014) called for a more complex conceptualization of entrepreneurs' evolution considering environmental influence, which would generate accurate reflections of the entrepreneurial life course.

2.4.1.2 Financial capital and its impact on entrepreneurship

Financial capital has been empirically associated with the quest of entrepreneurship and business start-up (Parker, 2018; Arenius and Minniti, 2005; Steier, 2003). It has been argued that those who belong to lower-income groups find it more challenging to enter entrepreneurship owing to their difficulty in securing start-up loans and capital (Aghion, Fally and Scarpetta, 2007). Moreover, Quadrini (2000) reported that entrepreneurs belong to wealthy households. Financial capital refers to the money individuals have at their disposal and their investments (from savings, friends/relatives, and inherited wealth), debt finance, equity finance or a combination of these sources (Jones, Macpherson and Jayawarna, 2013, Henley, 2004). As the cost associated with some of those sources may be significant (Liao et al., 2008), bootstrapping (Jones and Jayawarna, 2010; Winborg, 2015); and crowdfunding (Schwienbacher and Larralde, 2010, Belleflamme et al., 2014) could also be utilised by the entrepreneurs as alternative sources (Jones, Macpherson and Jayawarna, 2013). Research evidence also suggests entrepreneurial behaviour of bricolage (Baker, Miner and Eesley, 2003) and effectuation (Sarasvathy, 2009) to overcome financial hardships, especially around business start-up. At the nascent stage, it is challenging to secure finance from external sources due to difficulty in judging the capability of the entrepreneurs (Zhang, Soh and Wong, 2011), inability to evaluate the risk-return perspective by the external financier (Shane and Stuart, 2002), the existence of information asymmetry (Shane, 2000) and moral hazard and high monitoring cost (Dowd, 2009). Reliance on external financing may depend on the entrepreneur's lifestyle factors (Davidsson and Henrekson, 2002), the readiness of the firm to embrace growth (Fraser, Bhaumik and Wright, 2015) or entrepreneurial cognition (Wiklund, Davidsson and Delmar, 2003). Still, nascent entrepreneurs will not suffer from liquidity constraints as many start-ups do not need a large amount of capital to start with. Previous research stated that financial constraint could play a major role if the decision is to take over a venture rather than starting a new venture as in the former case a significant amount of capital is needed (Bastié, Cieply and Cussy, 2013). As the external financing is unavailable for nascent entrepreneurs due to small size, uncertainty, lack of track record, financial capital from own sources is available to deal with the liability of newness and liability of smallness (Liao, Welsch and Moutray, 2008).

Rouse and Jayawarna (2011) argued that poorly resourced small ventures are associated with low rewards. A limited number of studies have been conducted to assess the impact of financial capital (Crosa, Aldrich and Keister, 2002). Carter (2011) reported this dearth of evidence in her seminal article, which lies with the complicated process of calculating multidimensional return changing across the business life cycle. Out of those researches that tried to explore the role of financial capital, few of them are worth mentioning. An attempt was made by Kim, Aldrich and Keister (2006) to find the role of financial capital conceptualized along with household-level on venture emergence. However, none of the financial capital variables demonstrated a statistically significant association with being a nascent entrepreneur in their study. Using the same longitudinal database (Panel study of entrepreneurial dynamics, PSED), Liao, Welsch and Moutray (2008) found that well-funded start-ups had a significantly lower probability of discontinuance when financial capital is operationalised in terms of personal finance and funding from other sources. Findings from this study suggest that liquidity constraints may not deter an entrepreneur from setting up a venture as most of the business starts with meagre capital. However, experiencing liquidity constraints may prevent these entrepreneurs from starting at their optimum scale resulting in an adverse effect on venture continuity (Hurst and Lusardi, 2004) which is a testament to the fact that liquidity constraint theory is applicable more towards entrepreneurial disengagement rather than entrepreneurial entry (Frid, Wyman and Coffey, 2016).

Apart from the initial stage, financial capital may be needed in other phases of the entrepreneurial process. At the initial stage, its role is to enable the entrepreneurs to finance product development, deploy marketing campaigns, recruit and hire employees (Huang and Knight, 2017). The need for financial resources may be more pressing for late-stage ventures seeking to establish their footprint by maintaining momentum and market position (Delmar and Davidsson, 2000). As demonstrated by earlier research, financial capital is essential for the long-term growth of start-up firms (Fraser, 2004) andtheir survival (Cooper, 1994; Lee and Zhang, 2011; Coleman, Cotei and Farhat, 2013; Coleman, 2007). However, its importance in the nascent stage is less understood (Jayawarna, Jones and Macpherson, 2011).

Parker (2018) reported that one of the most common measurements of self-employment income is drawings along with net profit and drawings plus growth in business equity. Drawing, the

most popular working definition of self-employment income among the respondents in the United Kingdom (Allinson, Braidford and Stone, 2010) is the income of the owner in the current period, although it may include money retained from previous periods as well. Van Wanrooy (2013) argued that work and care decisions continuously change through the life course and are constrained by social, financial, employment, and personal factors. Moreover, it is the mediating stage of the household that determines the working hours of men and women (Bielenski, Bosch and Wagner, 2002). Since entrepreneurial drawings (earnings) depends on the amount of effort one can allocate, the effect of earnings will not be necessarily static over time.

According to Kim, Aldrich and Keister (2006), financial capital can be conceptualised along two dimensions at the household level; household wealth and household income. Entrepreneurs can obtain financing by utilizing the residential property as collateral (Henley, 2004), which decreases the probability of loan denial (Cavalluzzo and Wolken, 2005). Moreover, in their monograph, Carter *et al.* (2017) highlighted the importance of the house as a potential capital asset for entrepreneurial business and its utility as a social relation space for an entrepreneur. Financial capabilities demonstrated through housing collateral help alleviate credit constraints have also been linked to self-employment success (Black, De Meza and Jeffreys, 1996). Marshall and Flaig (2014) reported that self-employment earnings were higher for home-owning individuals since the possibility to start a business below optimum level or the inability to undertake growth activities due to credit restriction (Jensen, Leth-Petersen and Nanda, 2014) is lower for home-owning entrepreneurs. Moreover, a strong correlation was observed between house prices and home equity on business ownership (Reuschke and Maclennan, 2014; Corradin and Popov, 2015). By using a UK Panel data set, Disney and Gathergood (2009) identified a similar effect of household wealth on self-employment.

Allocation of household resources to entrepreneurial ventures is a persistent occurrence, and this practice of resource sharing is evidenced throughout the lifecycle of the venture rather than only at the start-up phase (Alsos, Carter and Ljunggren, 2014b). Hence, it can be said that the size of the resources in dual usage is not static, rather it is influenced by the need and deed of the household. A static cross-sectional measure based on either income or wealth cannot capture the full impact of the reward aspect (Carter *et al.*, 2017), where the pattern of reward

is irregular and uncertain over the business life course. However, flexibility and cross-subsidy between the business and the household lessen the chance of facing liquidity constraints for the entrepreneurial household. Thus, using a longitudinal and dynamic life course-based approach will capture multi-dimensional entrepreneurial rewards that spread across the entrepreneurs' life course. Jayawarna and Rouse (2012) emphasised the importance of calculating the financial rewards from entrepreneurship over the life course of the business. The proposed method is helpful in meaningfully exploring the effect of household strategies (Wallace, 2002; Pahl, 1984) regarding resource accumulation and its application.

Household strategies (Pahl, 1984) can reveal the underlying social factors of economic behaviour (Wallace, 2002), which were first adopted to portray how subsisting households survive during a critical period like unemployment (Pahl, 1984). Ignoring the context will provide only a partial solution while analysing, evaluating, or describing entrepreneurial activities (Welter, 2011). Entrepreneurial reward decisions are not solely determined by rationality; instead, family/household needs have some deterministic roles to play in making this allocation. As such, the context which compels the household to develop these strategies are of crucial importance. Shaped by the social structure, these strategies can govern both the access and the behaviour to apply those resources. For a small enterprise, it is reasonable that household strategies may be intentionally aligned to meet the labour and economic demand that arise from the family, which vary across the life course (Jayawarna and Rouse, 2012). In a hierarchically structured household, members have differential access to power which exists as a realm of social interactions. Moreover, by possessing more power in the household, one can place the vested agenda, even at the cost of others (Carter *et al.*, 2017). Household work strategy may be compliant with the socially constructed traditional norm of male breadwinner and female part-time earners, emphasizing domestic roles. Moreover, this gendered household strategy will dictate the return earned from the business and the capacity to invest in the business. Thus, entrepreneurs with heavy caring and domestic responsibility may simply be unable to provide the required hours in the business. As the amounts of effort put into entrepreneurship increase earnings, entrepreneurs employed part-time with low wages will end up with lower earnings and draw on a range of resources in the struggle to survive in a risky environment. This is consistent with the findings of Christie-Mizell (2006), who argued average earnings of women are negatively affected by traditional gender roles and the number of children.

Sharing, supply and withdrawal of resources are the common grounds that connect business and household. Household decisions and business decisions are made simultaneously within the household, and as such, business and household strategies are intertwined (Carter *et al.*, 2017). From the household perspective, entrepreneurial activities may be considered an adaptation to accommodate changing household needs regarding income, activity, spare capacity, and human needs (Alsos, Carter and Ljunggren, 2014b). Thus, the inextricably intertwined (Aldrich and Cliff, 2003) relationship between the business and household provides greater flexibility in availability of the resources as the resources can be released by the household as and when needed by business (Alsos, Carter and Ljunggren, 2014b; Carter, 2011). This kind of cross-subsidy will provide relief to the household to generate income and avoid accessing external sources of fund (Gentry and Hubbard, 2004).

An individual is more likely to become self-employed if the partner is in paid employment. Income from the waged employed partner may subsidise the entrepreneurs' intention to continue with the sub-optimum venture. However, Carter (2011) argued that considering the prevalence of male entrepreneurship, it might be the female waged employment from which subsidy can be generated for the partner's venture continuity. Thus, the higher the partner's wage income, the higher the patchwork will cover the irregular and uncertain rewards from entrepreneurship. As such, if the household subsidy is suddenly stopped due to a partner's losing a job, it may adversely affect venture continuity. In this case, the liquidity cushion originated from multiple financial resources not be sufficient to match the uncertainty and irregularity of the financial reward (Carter *et al.*, 2017).

The structure of a venture's financial capital in the later period is influenced by both the initial financing decisions and the venture's condition (Storey and Greene, 2010). At the conception and gestation phase, entrepreneurs rely more on their personal funds and funds received from family and friends for financial resources (Cassar, 2004). However, as the firm is getting larger, the preference will be to obtain fund from external sources where the financing decisions are guided by the nature of the business, its characteristics, performance and other factors. There remains a significant probability of obtaining external financing for a high growth potential firm even at the earlier stage, whereas for firms that lack high growth potential, minimum

chance to get funding from venture capital sources. Moreover, external equity is the least used source of fund for family firms (Jones, Macpherson and Jayawarna, 2013).

The role of financial capital in new venture creation has not been revealed as there is a dearth of research delineating the role of financial capital (Crosa, Aldrich and Keister, 2002). Personal savings from household income can be a source of financial capital that will help the nascent entrepreneur to decide whether they want to initiate the nascent entrepreneurial process of venture creation (Boden and Nucci, 2000; Crosa, Aldrich and Keister, 2002). For a small number of firms, capital from personal and informal sources may be inadequate as these firms are either trying to exploit growth opportunities or make a significant investment in research and development, product testing and development activities. Early-stage venture capital in the form of business angels and venture capital can be the ideal source of financing that can quench their thirst for money (Mason and Harrison, 2004). Moreover, serial entrepreneurs may be working as angel investors, making a small investment and associated with the venture at an earlier stage (Harrison and Mason, 2000).

Chandler and Hanks (1994) had identified an interesting fact related to the substitutability of human capital and financial capital. According to them, firms with a higher level of the founder's human capital and low financial capital can achieve similar performance as firms with high financial capital and low founder's human capital. Thus, it may be inferred that the need for financial capital may be lessened at the start-up phase if the founder's human capital endowment is relatively high. Klyver and Schenkel (2013) argued that financial capital could affect the decision to initiate a start-up venture in three ways. Firstly, it will help them to realise the importance of financial resources for long-term success. Secondly, by looking at the financial capital, they will come with a tentative figure they can contribute to venture creation. This is supported by the liquidity constraint theory (Evans and Jovanovic, 1989), where a positive relationship exists between wealth and business initiation. However, getting access to external financing at the nascent stage is difficult due to the riskiness of the venture, lack of track record. Still, nascent entrepreneurs will not suffer from liquidity constraints as many start-ups do not need a large amount of capital to start with. Previous research stated that financial constraint could play a significant role if the decision is to take over a venture rather than starting a new venture, as in the former case, a significant amount of capital is needed (Bastié,

Cieply and Cussy, 2013). Since external financing is unavailable for nascent entrepreneurs due to small size, uncertainty, lack of track record, they could utilise financial capital from personal sources to deal with business challenges (Liao, Welsch and Moutray, 2008). Securing access to personal finance may have a positive effect on risk and, at the same time, reduce the chance of failure in the case of nascent entrepreneurs. Drawing upon a family embeddedness perspective and data from formally unemployed immigrant entrepreneurs, Bird and Wennberg (2016) explored how geographical proximity to other family members enhances the chance of remaining in entrepreneurship as closeness facilitate access to family resources. They also identified that family's financial capital could help them to remain in entrepreneurship or force them for an exit to paid employment.

2.4.1.3 Cultural Capital

Children from entrepreneurial parents are more likely to become entrepreneurs when they grow up (Blau and Duncan, 1967; Western, 1994). The hereditary transmission of opportunities and expectations from entrepreneurial parents related to the concept of cultural capital can pave the way for the accumulation of human capital (Bourdieu, 2011). Upbringing by entrepreneurial parents is considered to be a standard measure of human capital (Ployhart and Moliterno, 2011; Dunn and Holtz-Eakin, 2000). Moreover, invaluable experience, learning, and other intangible variations of human capital can be transferred by the entrepreneurial parents to their children, thus increasing their propensity to enter entrepreneurial careers (Zellweger, Sieger and Halter, 2011). The importance of the intergenerational link between the entrepreneurial parents and their children cannot be underemphasized as human capital is found to have the most decisive influence the parents can have on their children, which can be transferred along the gender line (Dunn and Holtz-Eakin, 2000). Thus, children of self-employed parents are far more likely to replicate their careers through family business or self-employment (Storey and Greene, 2010). Termed 'dinner table human capital' by Hvide and Oyer (2018), children of entrepreneurial parents receive industry knowledge from their parents. In the same vein, Lindquist, Sol and Van Praag (2015) stated that post-birth factors play a pivotal role in the intergenerational association in entrepreneurship. Hence, second-generation entrepreneurs may be exposed to an entrepreneurial environment from their childhood and get acquainted with the social network that mitigates risk and increases their chance of survival as they gradually learn how to run real-world business operations. Entrepreneurial values from the parents may also be transferred

to their children in the form of autonomy and perseverance through direct encouragement and indirect cues (Kim, Aldrich and Keister, 2006). Thus, children may be interested in entrepreneurship when their mind is enriched with the cultural capital in the form of informal training and market experience as they see their entrepreneurial parents in action (Lentz and Laband, 1990). According to Bourdieu (2011), much of one's exposure to cultural capital can be obtained from individual habitus. Thus, when exposing their children to the learning milieu, entrepreneurial parents paves the way for the unparalleled scholastic achievement of the children. Therefore, the children can consciously acquire and passively inherit the learnings from the surrounding environment over time, depending on the period, the society and the social class.

Anderson and Miller (2003) argued that entrepreneurs belonging to higher socio-economic groupings have a high endowment of human capital, resulting in greater profitability and growth potential. Drawing on the concept of cultural capital (Bourdieu, 2011), Jayawarna, Jones and Macpherson (2014) suggested that family socioeconomic status (SES) can be one of the channels for transferring parental cultural capital. Low in comparison to high SES children cannot get exposed to parental learning milieu, as such deprived of personal development and access to the broader social network. Moreover, effective child-rearing (measured in terms of parental involvement, stimulation and appreciation of education) has been found to be a significant driver for directing children in economically viable career pathways (Esping-Andersen, 2008). In a home-based business embedded in the household, cultural norms, attitudes, and values (cultural capital) possessed by the household members are high (Stafford *et al.*, 1999). However, crowding or the presence of a number of children in a household may negatively affect the child's cognitive development and parental involvement in the child's education (Evans, Maxwell and Hart, 1999). Also, maternal wage employment can have a detrimental effect on children's education using poor educational attainment and intellectual development (Flouri and Buchanan, 2002). Thus, the positive condition provided by the family can play a role in the well-being of the individual and influence the receptive ability from the learning milieu. However, in explaining entrepreneurial exit, if there are too many children in the household, it may force both the entrepreneurial parents to carry on with their entrepreneurial activities (Jayawarna, Jones and Macpherson, 2014). As of today, no study has looked upon the role played by parental self-employment experience influencing the entrepreneur exit decision where it is logical to argue that those who had an upbringing in an

entrepreneurial family (experience) are more likely to remain in business. If they exit, they will do an early exit as they are already aware of the ominous signs of venture non-performance and thus disengage themselves early from the business. Thus, with a brief discussion on cultural capital, it can be inferred that human capital is a lifelong development rather than associated with the fixed credential. The entrepreneurs there await learning from the cultural capital learning milieu and getting imprinted by the milieu.

2.4.1.4 Time as an entrepreneurial resource

The temporal dimension can play a critical role across multiple levels in an entrepreneurial venture. The theory of time allocation explains the reasons and ways the individuals allocate scarce time to different activities (Becker, 1965). The appearance of time as a theoretical construct is frequently available in entrepreneurial research, where time has been used as a proxy for various processes (Lippmann and Aldrich, 2016). These include exit duration (Yamakawa and Cardon, 2017), efficacy (Almandoz, 2012), experience (Kim and Longest, 2014; Brannen, 2005), commitment (Uy, Foo and Ilies, 2015), success (Kalnins and Williams, 2014), performance (Cooper, Ramachandran and Schoorman, 1998) and household commitment (Jayawarna et al., 2016). Moreover, as a variable measuring the duration of various processes, time is measured in days, months, or years between important events (Lippmann and Aldrich, 2016) and in hours to indicate entrepreneurs' share of responsibility in household chores (Jayawarna et al., 2016).

Considered by many as a constraint, time is also documented as a scarce, valuable resource and can be leveraged to help entrepreneurs achieve different milestones in their entrepreneurial life-course. For a small venture, the divisions of labour may not be straightforward. Bird and West III (1998) voices a similar view, who stated that in comparison to those in wage employment, entrepreneurs have to be significantly involved with managing their business as the hierarchical positions in an entrepreneurial firm are less structured. Thus, emphasis on time allocation in managing other activities, e.g., household chores, might leave the entrepreneurs with little discretion for commitment to the business. This is also echoed by McCarthy, Krueger and Schoenecker (1990), who reported that a significant drawback of the entrepreneurs lies in their inability to allocate time for meeting the ventures' demand across different stages of the life cycle. They concluded that the entrepreneur’s allocation of time changes as the firm moves

along different stages of its life cycle. Moreover, research suggests that the entrepreneurs' allocation of time in managing a new venture's operations might be relevant to venture performance (Cooper, Ramachandran and Schoorman, 1998), paying inadequate attention to critical decision-making compromises with venture performance.

Time is a societal construct embedded in the social relationship network (Dapkus, 1985), that forces individuals not currently attached to the labour market to allocate more available time to household work (Geerken and Gove, 1983; Presland and Antill, 1987). This can be observed for females more, which is in line with Becker's specialization theory. From a demand perspective, time can be viewed as a scarce resource where a relationship between the commitment of time to multiple roles and the decision to make a transit (exit from self-employment/business) can be suggested. The amount of hours one puts into one's business portrays the commitment to achieving a goal. Jayawarna, Marlow and Martinez-Dy (2019) argued that since earnings have a significant association with labour capacity, lower commitment to self-employment will significantly lower comparative returns resulting in social disadvantages. In order to meet the institutional demands of domestic care and family responsibilities, putting extra efforts into the commitment to the household might adversely affect the entrepreneur's motivation to carry on with the entrepreneurial activities. Based on the 'resource drain argument', there is literature suggesting that entrepreneurs demand more time to carry out the tasks they have assigned where the time committed to family commitments reduces the time available for work responsibilities (Edwards and Rothbard, 2000). This is also supported by (Fairchild, 2009), who argued that the time and resources the parent dedicates to child-rearing might be challenging to reconcile with self-employment, which is more time demanding labour market activity.

The interpretation of demand perception around entrepreneurial exit decisions originated from work-related demand, which often comes from individuals not having sufficient time to commit to family domains due to high work commitments indicated by the number of work hours. As there is an absence of clear demarcation between home and work life, the entrepreneurs with household responsibilities will experience time as a scarce commodity (Brannen, 2002). Time commitment will appear as a choice before those entrepreneurs, which they have to make according to the priorities they set in their lives (Dapkus, 1985). Utilizing data from the

European Community Household Panel (ECHP) survey for 1994-1999, Williams (2004) demonstrated that time spent on childcare significantly reduces duration for both male and female self-employed. Therefore, it is natural to expect that failure to commit to business due to severe pressure arising from the combined demand of time from the entrepreneur's work and family domain may negatively affect venture performance resulting in an entrepreneurial exit. However, decisions about work and care are continuously changed through the life course and influenced by social, financial, employment and personal factors (Van Wanrooy, 2013). It is natural to expect that one's commitment to the business and doing household chores will not be static rather than changing across the life course.

From the above discussion, it is apparent that the central theme rests on the performance hypothesis that suggests the more commitment one puts into business, the more opportunities for the business to thrive, thus makes it possible for the entrepreneur to remain in business and to face the limited probability of experiencing an exit. However, entrepreneurs will not find sufficient time to make the same level of commitment due to the household responsibilities, creating less growth/performance opportunities, resulting in entrepreneurs deciding to leave the business they own.

The research draws upon the competing role hypothesis (Jacobs and King, 2002) and 'role overload' (Higgins, Duxbury and Lyons, 2010) to elaborate on the arguments. Considering time as a scarce resource, both of these concepts can complement arguments. Jacobs and King (2002) argued that when individuals need to play multiple roles simultaneously, the combined work and family roles will exert additional pressure on using one's time. Moreover, it is possible to assert that entrepreneurs consider exit in situations where family and/or work demand more time and energy than what is available to the individuals identified. Literature referred to this situation as role overload (Higgins, Duxbury and Lyons, 2010). Thus, playing multiple roles may generate higher risks for work-family conflict. The simultaneous influences of these roles can affect their business decisions (Jayawarna, Marlow and Swail, 2020; Jennings and McDougald, 2007), where too much workload (Lippmann and Aldrich, 2016) might cause a shift in the entrepreneurs' temporal focus and influence their actions and effectiveness. As such, emphasizing one aspect may have to be made at the expense of others (Koselleck, 1985).

In view of all that has been mentioned so far, one may suppose that entrepreneurs with greater household responsibilities are at higher risk of taking the exit.

Women's entrepreneurial activities are influenced by gender-related occupational segregation (Anker, 1998) and lower returns to waged employment. This may also be driven by the inflexible time conflicts faced by mothers and paid workers looking for temporal flexibility that is bestowed by entrepreneurship ((Maher, 2009; Rouse and Kitching, 2006; Du Rietz and Henrekson, 2000). Humbert and Lewis (2008) argued that even though entrepreneurship allows more flexibility than employment, flexibility is a mixed blessing characterised by long work hours, which are ostensibly higher than work hours of paid employment (Brannen, 2005; Åstebro and Chen, 2014). As such, entrepreneurs have to be expert multitaskers who know how to respond to the call of limited time. It may first appear to the entrepreneurs with household responsibilities; a work-family reconciliation is very much achievable, which within a short period becomes a distant reality (Harris, Morrison and Ho, 2015). Work-life flexibility (Williams and Boushey, 2010) varies across the occupations, and the inability to get that, especially in a high demanding occupation like entrepreneurship, will result in stress. Work-life balance is challenging to manage even for low-wage, low-skill jobs (Henly and Lambert, 2014). This is further aggravated by the fact that self-employment is characterized by the crowded low-value segment of the service sector (McAdam, 2013) with constrained growth potential (Marlow and McAdam, 2013; Fairlie and Robb, 2009).

In order to meet the combined demand for domestic labour and economic activity, evidence in the literature suggested a gender-related preference for part-time home-based operation (Jayawarna, Rouse and Kitching, 2013). Saridakis, Marlow and Storey (2014) termed this kind of entrepreneurial behaviour as an example of part-time employment, which restricts return and fuels volatility (Duberley and Carrigan, 2013). Moreover, this is further aggravated by the work/life balance where addressing the demand for work and family is a continuous challenge for the female entrepreneurs (Shelton, 2006). Women worked fewer hours a week and devoted less time to the business than their male counterparts, as Gurley-Calvez *et al.* (2009) reported. Moreover, running a home-based entrepreneurial venture is a poor solution to combining caring/household labour and economic activity (Jayawarna, Rouse and Kitching, 2013). Gender can mediate the relationship between allocation and productivity of time in a new

venture. Verheul, Carree and Thurik (2009) identified that women invest fewer hours in the firm in comparison to men because of their lower preference for work time and a lower productivity per hour worked. The availability of other income and the risk-averse nature of women can explain female's lower preference for work time, whereas the lower female productivity is associated with lower levels of human, social and financial capital and women's association with relatively small firms.

Regardless of partnership status, children's presence in the household is one of the most documented factors that cause women's exit from labour force participation (Van der Lippe and Van Dijk, 2002). Compared to other household chores that can be completed when time is available in the mother's schedule, supervision of a child needs immediate attention (Caputo and Dolinsky, 1998), which can generate distraction (Williams, 2004). Hence, the effect of time spent in caring will reduce the time allocation for the entrepreneurial venture as it is a zero-sum game that will have an adverse effect on an entrepreneurial venture. It can be seen that children being household members can impact the business even though they are not directly involved with the firm. In addition to the trigger event of childbirth, the number of children already in the household is also relevant for women's decision whether to participate in the labour force (Jeon, 2008) where children of pre-school age tend to have the most potent negative effect on women's labour force participation (Khoudja and Platt, 2018). As such, the presence of additional children demands more time for caring that may otherwise be devoted to achieving business growth and survival. To summarise, the author suggests that for women entrepreneurs combining economic participation and caring demand (Bradley, 2007) will shape the strategic use of entrepreneurship at a specific point in time in the life course. Moreover, it is the strategic use of the time that makes it a valuable resource (Lippmann and Aldrich, 2016). Hence, it is the household structure for some entrepreneurs that will give rise to imperatives to opt-in and opt-out of entrepreneurship by influencing the amount of time available to the entrepreneurs (Owen and Greene, 2004).

2.5 Gender and entrepreneurial exit

Both the ends of an entrepreneurial continuum, i.e. start-up and exit phases, are sensitive to gender influence (Marlow and Swail, 2015). Sex is related to human beings' physiological

characteristics, where gender is relevant to what behaviours are expected from one sex compared to the other (Ahl, 2002). The relevance of gender to entrepreneurial survival cannot be underemphasized. Even though there are a significant number of research studies examining the influence of gender on entrepreneurial activities and experience (Jennings and Brush, 2013), there remains a dearth of research on the impact of gender on firm's/entrepreneurial termination (Marlow and Swail, 2015). With few exceptions (Hsu et al., 2016; Justo et al., 2015; Marlow & Swail, 2015), debate on exit is largely gender blind where it would be of paramount importance for the entrepreneurial researchers to know about entrepreneur inclination, preference of sector, the profile of operation and trajectories of growth across the gender (Marlow and Swail, 2014), which may have a role to play in shaping up the entrepreneurial outcome.

2.5.1 Female underperformance hypothesis

In the entrepreneurial field, the female underperformance hypothesis received support from a body of research that typically states that females, compared to males, are underperformers, where the conclusion was based on higher exit rates of female entrepreneurs. However, this is a flawed conclusion as it considers exit as equivalent to failure (Justo, DeTienne and Sieger, 2015), which has previously been explained.

In comparison to male-owned businesses, women-owned small businesses demonstrated inferior performance as these firms typically operated in a sector with limited growth potentials (McAdam and Marlow, 2013). Due to education, family and workspace, women are still disadvantaged in relation to self-employed men (Aldrich, 1989; Goffee and Scase, 1983). Robb and Watson (2012), using a five-year longitudinal database of 4000 new ventures that began operation in 2004 in the United States, found that there was no difference in the performance of female and male-owned new ventures when performance is measured appropriately by return on assets (ROA), closure rate (after four years) and risk-adjusted measures. Moreover, critical skills needed to establish a venture might not be gender-based. Rather the antecedents for setting up successful female entrepreneurship ventures are the same for successful male-owned ventures (Brush and Hisrich, 1991). From the perspective of social feminist theory, it can be said that the analytical framework developed initially for males is unable to capture

female traits (Acker, 1978). Justo, DeTienne and Sieger (2015) argued that women entrepreneurs generally place a lower priority on financial survival and having lower psychological ownership; they prefer to make a voluntary exit. Using a sample of 219 former entrepreneurs from the Spanish GEM study, they found that their results aligned with social feminist theory (SFT) and indicated that female entrepreneurs, compared to males, exit more voluntarily on personal grounds. Marlow *et al.* (2012) argued that the mother could use self-employment as a convenient occupational stop-gap such that they may exit and return to paid employment. Moreover, many female entrepreneurs prefer to work on a part-time basis by being mumpreneurs in order to take care of their children. In this way, they try to overcome the role conflict by maintaining an optimum balance between work and family life. However, they may be compelled to take the path of exit when they realise it is difficult for them to carry on both at the same time. This is also supported by the research conducted by Jayawarna, Rouse and Kitching (2013) where they found that home-based part time business venture is an imperfect solution to resolve the combined demand of household and business venture. This kind of exit is not necessarily made due to failure. As such, it may be necessary to probe what events may cause female entrepreneurs to disengage from entrepreneurial efforts.

The decision to enter and remain in entrepreneurship is complicated/complex for females. Women in the labour market are disadvantageously positioned as such they have limited access to resources which are critical and vital for new venture set up (Marlow, 2015; Coleman, 2007). Moreover, lower average wage earnings may imply more binding financial constraints for women than men-owned businesses at the initial stage. Kalleberg and Leicht (1991) stated that businesses belonging to women are concentrated in low-value service sectors like retail sales, personal and educational service industries known as the 'female ghetto'. Additionally, being highly labour intensive and facing intense competition, these industries are characterised by lower growth rates (Marlow and McAdam, 2013) and lower sales and profitability (Marlow, Henry and Carter, 2009).

Kalleberg and Leicht (1991) argued that almost all research underpinning the success and failure of the small business originated from the studies of men who are holding a dominant position in the labour force. Moreover, Wennberg (2008) stated that studies of entrepreneurial exit are based on samples dominated by male entrepreneurs. As such, statistical associations

from these studies were evident only for men. As the predictors of exit are based on samples dominated by males and the model designed for explaining female exit pattern is associated with a low value, it may be an indication that current theoretical underpinning may not be appropriate to explain female entrepreneurial exit (Wennberg, 2008). As there remains a difference in the profile as well as in the life course between men and women, it is expected that their career transition and future trajectories will also be markedly different. As such, the predictors of exit should be different for males and females (Arum and Müller, 2009).

Stroebe (1998) suggests that with respect to orientation to grief recovery, men are more restoration-oriented than women who are more loss oriented. Women are also more vulnerable to higher levels of grief, depression, and anxiety than males (Ringdal *et al.*, 2001). This is consistent with the findings of Hessels et al. (2011), who argued that the probability of entrepreneurial engagement after exit is higher for males and the person with low fear of failure. Thus, women entrepreneurs being associated with higher levels of grief may not be involved with another venture; rather, their way of disengagement may be permanent. This can explain why the rate of a renascent entrepreneur is lower for females than male entrepreneurs. It may be implied that women entrepreneurs are stigmatised more by business failure in this masculine world.

More recent research, even though it shifted from its original stance of female detriment thesis, which demands women should have more masculine characteristics, has made women the unit of analysis and thus created a gender bias (Marlow, 2015). To avoid these biases, many researchers have tried to explore the interaction between gendered ascriptions and socioeconomic contexts across the life course and emphasise the socialisation of gender and the influence of social constructions on female entrepreneurs' choice and efforts (Justo, DeTienne and Sieger, 2015).

2.5.2 Does attitude differ across gender?

Female entrepreneurs, in comparison to males, were found to have different perceptions towards growth, and they are also concerned with the risks associated with fast-paced growth

and demonstrated their preference for a steady rate of expansion for their venture (Cliff, 1998). Coleman (2007) observed that growth in business is largely unaffected by human and financial capital for female entrepreneurs; personal considerations appear to be more critical for them than economic consideration. Moreover, Williams (2000) argued that return to self-employment is lower than return to paid employment experience for female self-employed. Overall, these studies indicate that female self-employed is not primarily motivated by economic means when selecting self-employment as a labour market career. Since they have demonstrated a high level of risk aversion as a group, it can be inferred that they may not be growth motivated which is generally associated with higher profitability and risk. As female entrepreneurs tend to have lower industry, initial start-up (Carter, 1996; Kalleberg and Leicht, 1991), management experience (Kalleberg and Leicht, 1991; Boden and Nucci, 2000), these may be the reasons why female entrepreneurs do not strive for higher growth. Cassar (2006) argued that entrepreneurs with strong human capabilities are generally more aggressive in the firm's growth projection. Regarding human capital, female entrepreneurs lag when considering the surviving prospects of both men and women-owned businesses (Boden and Nucci, 2000). Thus, it can be a reason explaining their not pursuing higher growth objectives. Also, the nature of women involvement in an entrepreneurial venture is more complicated when women entrepreneurs take an integrated perspective of the business, making no distinction between financial and other objectives, including family (Brush, 1992). Moreover, women are portrayed as primary parent emotional nurturers and housekeepers (Unger and Crawford, 1992). Unlike their male counterpart, they are never relieved of their duty, and it is them who has to make a compromise between their work and family life. Thus, it may result in aspiration for lower growth (Cliff, 1998). However, Coleman (2002) argued that the women's attitude towards growth might be influenced by their negative perception towards getting external finances necessary for growth.

Thus, compared to males, it can be inferred that females are not lagging in terms of entrepreneurial capabilities regarding economic survival and growth achievement. Instead, they are disadvantaged as they have to fulfil societal gender role expectations and run a venture with many constraints (Jayawarna, Woodhams and Jones, 2012). Entrepreneurs often sacrifice their personal or family life in enduring the process of entrepreneurship (Jennings and McDougald, 2007; Marlow and Swail, 2015). Often, the female entrepreneur has to make the

supreme sacrifice in her career aspirations for running the household activities without interruptions.

2.6 Exit and life course

In the social science discipline, the life course perspective has widely been adopted to conduct research to explore the description and explanation of change over time of different social phenomena. Kertzer (1991) argued that a life course perspective is a dynamic approach that can shed light on the real flux of life by capturing the interaction between broader societal forces of change and people's lived experiences. However, within the canon of entrepreneurial research, the life course perspective has largely been neglected. To date, few studies were conducted in the entrepreneurial realm to identify and explain individual pathways through intersecting social domain, including entrepreneur's motivation (Jayawarna, 2011), business start-up (Jayawarna, Rouse and Macpherson, 2014) and serendipitous entrepreneurs (Wennberg, 2010). Adopting a life-course perspective makes it possible to explore the entrepreneurial landscape and its surrounding environmental forces (Aldrich and Kim, 2007).

The existing literature of entrepreneurial exit has primarily been examined in the isolated context, even though events related to the entrepreneur's individual, business life course and domestic household can seal the fate of the entrepreneur or the firm or both. These events related to life course can provide the key to understand various consequences of social change at different stages of a person's life that may either create opportunity or obstacle in the path of entrepreneurship. It may also happen that the time an individual reaches a particular stage of the life course may coincide with the time a change is introduced, in which case the change may have a profound effect on that person's life (Kertzer, 1991). The transitions those effects will bring cannot be captured by exploiting static data, and the need to portray individual actions in the context of other social factors will remain unfulfilled (Carter, 2011). Therefore, adopting a life-course framework can encourage exploring the linkage between individual lives (and businesses) that emerge in time and the social processes and institutions that govern domains of action (Jayawarna, 2012).

Two concepts can explain the life-course theory. The first one is the transition, changes faced by every individual, which introduces a shift from previous roles (Hutchison, 2010). The transition embedded in a social environment can be planned or unplanned (Sweet and Moen, 2006), which may bring an opportunity or create an obstacle in life. The second one is a trajectory which is a sequence of pathways taken over the life course. Trajectories are associated with multiple transitions and possess a long term pattern of stability over the life course (Elder Jr, Johnson and Crosnoe, 2003). The life course dynamic theory holds that changing social contexts can influence the individual's lived life where the life course is conceptualised as the trajectories of individuals and their implications in socio-economic development (Elder, 1998). Carroll and Mosakowski (1987) stated that life-course dynamics investigate how an individual's entrepreneurial process is shaped or influenced by life course events during different phases of their lived lives and careers.

2.6.1 Principles of lifespan development:

As human development and ageing are lifelong, long-term perspectives need to be undertaken to understand the process. During these processes, changes can be experienced by both adults and children. Individual development is based on the potential interplay of social change obtained by observing lives over a more extended period. Elder Jr (1999) described the Principles of lifespan development as follows:

i. Human development and ageing are processes that are extended lifelong.
ii. The principle of agency: The individuals can choose the choices presented before them, and they are not the object of the action of social influence and constraints. At the initial level, choices and plans selected by individuals will have significant consequences for their future trajectories. The life-course analysis is one of the best ways to understand how and why people behave the particular way they do since individuals' behaviour is conditioned on their past performance. Mayer (2009) stated that prior life history has strong impacts on later life outcomes. Jayawarna, Jones and Macpherson (2011) argued that entrepreneur motivations develop dynamically about career, household and business life courses. Their results supported the argument that motivation profiles are related to life course contexts in particular ways. Similarly, Davis and Shaver (2012) investigated the difference

in growth intentions of men and women entrepreneurs. By harnessing the dynamic life course theory concerning career stage and family status, they utilised PSED I and II in order to understand how men and women desire to pursue high growth entrepreneurship at different points in their careers. Their work is based on the recommendations made by Jennings and McDougald (2007). In these studies, it became apparent how initial motivation/ intention shaped the later outcome, which is not possible to analyse without life course analysis. Jayawarna, Rouse and Macpherson (2014) argued that a socially embedded life course affects both the resources and the capacity to apply these resources in starting up a business. The authors tried to use a specific life course framework based on class and gender to show the effect of a particular social division of class and gender on establishing a start-up. Here, it can be seen that the outcome (start-up) of the event depends on the agents' prior action over the life course.

iii. The Principle of time and place: Historical contexts and place influence individuals and birth cohorts.

iv. The principle of timing: Developmental antecedents and consequences of life transitions, events and behavioural patterns may vary according to their timing in a person's life. An early transition to a person's life may have a detrimental effect on mental health (Harley and Mortimer, 2000 cited in Elder Jr et al., 2003). For example, events of childbirth, marriage may not disrupt a person's lifestyle or work habit if it happens at an appropriate time in a person's life. As Maltz (1994) stated, same events may happen to different people, but each may have a different reaction to the same stimulus, which depends on what time of their life they experienced the event. Similarly, the events arising from an individual, business and household dimension may not similarly affect the entrepreneurs.

v. The Principal of linked lives: Human lives are lived interdependently, and socio-historical influences are expressed through this network of shared relationships. As the lives are interdependent, transition in one person's life often entails transition for other people (Elder Jr, Johnson and Crosnoe, 2003). The fact that lives are lived interdependently has a direct influence on entrepreneurship. Embedded in households, entrepreneurs do not make the decisions in isolation (Carter, 2011). Moreover, Granovetter (1985) argued that it is the social relationship that embeds all economic activity, including entrepreneurship. In the case of a household, unexpected events, for example, childbirth, marriage may entail a dramatic change

in women's working pattern, which may have a profound effect on men's working habit as the lives are interdependent.

2.7 Relevance of contextualization

Welter (2011) argued that entrepreneurs' actions are bounded by context. Contextualization is defined as the placement of enterprises in their natural settings to explore their originality, functionality, forms and outcome (Davidsson and Wiklund, 2001; Ucbasaran, Westhead and Wright, 2001; Zahra and Wright, 2011). Life-course studies help to frame research in models that explore how the context of multiple social factors over time can influence individual actions (Reynolds, 1991; Mayer, 2009). Moreover, individual entrepreneurs' actions cannot be studied in isolation until the household context is added, as both household and business decisions are taken in the household and business and household strategies are interlinked (Jayawarna, Swail and Marlow, 2016). Thus, to understand the entrepreneurial process and outcome, one must acknowledge the importance of context (Alsos, Carter and Ljunggren, 2014a; Zahra and Wright, 2011).

2.7.1 Household as a context

The preliminary inspiration to start up a venture, the provision of enduring business resources, making business decisions is guided by the needs and deeds of the household (Samuel and Sara, 2015). Here the context in which an entrepreneur's life course is portrayed is the household. The importance of household where entrepreneurs' lives are embedded and from which the firm emerges cannot be ignored (Alsos, Carter and Ljunggren, 2014a). The household is broader in scope than family as it includes members who are not family members, as such can be considered an extended family(Brush and Manolova, 2004). As the household provides a conceptualisation of relations of people under the same roof, it is argued to be analytically valuable (Samuel and Sara, 2015). Thus, the household should be understood as the continuously changing product of the interaction of the group of individuals who comprises it. Life-course perspectives bring the complexity associated with human life interaction within the household (Kertzer, 1991). As it can be ascertained from the principle of linked lives, that lives are interdependent; there are events related to the household that may create opportunities

or obstacles for the entrepreneurial outcome. Alsos, Carter and Ljunggren (2014a) demonstrated that how household dynamics and kinship, from a theoretical perspective, can unfold many aspects of the entrepreneurial process, which is difficult to obtain if the focus is on either the firm or the individual.

Alsos, Carter and Ljunggren (2014b) termed household structural dynamics as the composition of the household and the changes brought by marriage, birth, separation and death in the household structure. This household structural dynamics in the case of the business-owning household can affect the availability of resources. Moreover, the allocation of household resources is a persistent occurrence throughout the life cycle of a venture. Thus, these events generated from the household will guide regarding time, skill, competency, and resources about the new opportunity and changes in the household's inhabitants' attitude and culture.

Wallace (2002) argued that household strategies could both be used as a unit of analysis and a method of analysis to study social life. It can help identify the social factors underlying economic rationality by combining formal, informal and household work and division of labour. The household has either a positive or negative influence on a new venture's start-up ambition and resources. Carter (2011) argued that entrepreneurial financial rewards are multifaceted and determined by business rationality and household events evolving over time. Thus, she called to develop a method capable of capturing the reward decision-making process over a business life cycle while reward decisions are contextualised in entrepreneurial households. To address Carter's concern, Jayawarna (2012) explained the role of life course pathways to delineate how entrepreneurs' earnings emerge over time concerning class and gender. They used data from the 18 waves of BHPS to portray the complex phenomenon of household earnings emerge over time with support from a rigorous analytical framework. In the same study, a novel operationalization of household working and economic strategies can be observed. By utilising ethnographic studies on eight middle-class couples of Sweden, Forsberg (2009) asserted that in order to manage time and childcare, dual-earning families employ different temporal household strategies.

2.8 Gender and division of household labour

In gender-related literature, household labour is divided between male and female according to pre-existing beliefs and norms of society (Marlow, Henry and Carter, 2009; Marlow and Swail, 2015). As such, gender can be treated as a contextual lens that will investigate the gendered division of household labour and its effects on interdependent lives in a vivid manner. A life-course perspective is vital as important household events like marriage and childbirth can explain radical changes as there may be changes in the pattern, time and duration of these events. Existing research explaining the difference between men's and women's domestic division of labour is either based on resources in relative earnings contributed to the household or gender display, which is the execution of task confirming gender identity (Baxter, 2013). Considering earning as an indicator of economic power, they further argued that the higher the spouse resource contribution, the lower the proportion of domestic labour, considering that household work is undesirable. However, Gupta (2007) argued that it is not the relative, rather the total earnings, that will determine the proportion of time need to be spent on housework. In gender display, West and Zimmerman (2009) stated that men and women would establish their respective gender identity by executing gender-appropriate behaviour. So men are expected to perform more outside work where the female will do domestic work.

Similarly, gender display will have different levels of intensity across the life course. It will be higher in married couples, more significant in married couples with kids where women assume a greater role in the housework. Moreover, in the transition to motherhood, women's contribution to routine housework increases even more, whereas housework remains stable when men get married and enter the transition to parenthood. This is an example of gender identity. However, if the household is cohabiting, an equal distribution of housework is expected to be found. Likewise, men will assume the breadwinner role in the parenthood transition, thus allowing the wife to perform more household works (Baxter, 2013). Also, the gendered division of household labour treats men as primary breadwinners and women as primary carers (Bradley, 2007). A similar view can be obtained from Greenhaus and Powell (2006), who argued that according to social identity theory (Tajfel, 1978), when individuals engage in a role, they develop the identities associated with the roles and utilise resources to ensure the performance when good performance is appreciated. Thus, following the gender

role in the household, men will work outside the family and women to be more involved with more housework (Bielby and Bielby, 1989). Men are more likely to work as primary breadwinners (Green, 2016), who prioritised business activities over caring roles, focusing on earnings (Yang and Aldrich, 2014). Carter *et al.* (2017) argued that the dependence of the household on the income from entrepreneurial activity might be a factor that will delay or expedite the entrepreneur's decision to close a firm. This view is supported by the recent research conducted by Jayawarna, Marlow and Swail (2020) where female secondary breadwinners who prioritised care over earnings had experienced a lower possibility of experiencing exits.

Coltrane and Ishii-Kuntz (1992) viewed division of household labour in a slightly different way and argued that it is the result of multiple causal forces; time availability (age of child household workload), relative resources and ideology (the more traditional gender/family ideology is, the less sharing of housework). However, as the study was based on cross-sectional data, many of the findings were somewhat speculative. Kraaykamp, Van Gils and Van der Lippe (2009) asserted that the life course perspective could explore the shift from full-time work by both spouses to a different working hours arrangement. Based on career reports of 2014 couples from the Netherland and using dynamic competing risk models, they tried to predict couples exit from life-course events and observed that a family related transition such as first childbirth, family growth and mobility could cause a couple to leave a full-time job. Men raised in highly educated families encouraged their spouse to be engaged in part-time employment rather than become homemakers.

By considering gender differences, women have been found to put more combined time into executing work and family activities. (Greenhaus and Parasuraman, 1999). Men are more likely to play the role of financial provider for the family. However, those male entrepreneurs who found increased conflict between their business and family relationship had lower growth expectations (Manolova *et al.*, 2007). Thus, it can be seen that work household interaction can even influence male working pattern. Similarly, mumpreneurs may pursue entrepreneurship to balance work and household work rather than concentrate on achieving higher growth (DeMartino and Barbato, 2003). Since female/household contents might significantly impact women than men (Jennings and McDougald, 2007), women have to make the supreme sacrifice

in work household interaction. As such, gender role theory, where male and female have their respective roles to play in shaping up work-family interface, might be a cause of entrepreneurial exits.

2.9 Life course analysis and suitability of the longitudinal design

Since the context of the entrepreneurs exists in multiple periods, measures based on longitudinal design need to be adopted to capture the life course of the entrepreneurs. Otherwise, only the part of the temporal context will appear in front of the researchers' eyes. To explain social phenomena, reliance on a cross-sectional sample will provide a partial picture. Thus, it is necessary to engage with one's individual life course to capture the interplay of age, period and cohort for a fruitful analysis (Gilleard and Higgs, 2016).

However, most of the existing works are based on cross-sectional data where little effort was orchestrated to unveil the story of individual/business/household events under an entrepreneurial life course. Many empirical analyses have relied on comparing cross-sectional samples over time that compared individuals and households with different characteristics (Sayer, 2005). Moreover, the limitation of cross-sectional data is evident as it deals with cross-sectional samples based on a comparison of individuals and households with unique characteristics. The longitudinal data by analysing the life course events provides the benefit of tracking the change in individuals as the same person is analysed before and after the event associated with the life course. Thus, the causal process associated with change can be visualised. By emphasizing narrative associated with longitudinal data, researchers can overcome some limitations of quantitative data (Elliott, 2011).

2.10 Knowledge Gap and Preamble to Research Questions

Although the subject of entrepreneurial exit has attracted a lot of research attention in the past, there is still a need in the entrepreneurship literature to generate additional insights into the causes of the entrepreneurial exit decision and the forms of exit. While the importance of resources for successful entry into entrepreneurship is well documented (Kim, Aldrich and

Keister, 2006; Klyver and Schenkel, 2013), the role resources play in the exit decision is hardly being explored. More specifically, in relation to exit, the extant literature focuses on human, financial and time as entrepreneurial capital separately. There is minimal literature that makes a crossover between two of these three sources of capital, and there is not a single paper that considers all these three capitals together in relation to exit. Furthermore, empirical studies focusing on the impact of resources on the exit decision have mainly been studied as individual research variables, even though a number of recent articles underscore the resource implications from outside of the entrepreneur's ability (Jayawarna, Marlow and Swail, 2020). The influence of resource provision from the household and the business the entrepreneur is operating at the time of making the exit decision have long been excluded from the theoretical explanation of entrepreneurial exit. While the empirical investigations into various elements of the exit process have significantly evolved for many years, researchers only recently began questioning the role of the household and the associated gender explanation for the entrepreneurial exit decision. For example, Jayawarna, Marlow and Swail (2020) note that the factors influencing entrepreneurial exit decision is not reliably measured by variables operating at the individual level, giving little credit to the existing empirical evidence that is based on research from cross-sectional designs. Moreover, previous studies supported the view that entrepreneurial exit is a complex phenomenon with exit happening at various stages of the entrepreneurial process (DeTienne, 2010) triggered by resources (Kim, Aldrich and Keister, 2006) or (lack of) resource accumulation over time (Liao, Welsch and Moutray, 2008). The empirical designs of those studies largely ignore the importance of utilising longitudinal data collected over the life course of the entrepreneur, the household and the business they operate. Heinz (2002) argues that an individual's future outcomes are determined by personal, family and work histories instead of achievements fixed in time and therefore recommends taking a dynamic life course perspective to study important decisions taken by the individuals. Life-course literature focuses on areas outside of the entrepreneurial domain, mainly dealing with sociological aspects. There are very few papers in the entrepreneurial field which extensively dealt with the household contextual issue in relation to the life course of the entrepreneur (Jayawarna, 2012).

In response to such concerns, this research builds upon an entrepreneurial resource model influenced by decisions taken due to the individual, household and business life course to explore and offer a conceptually rich, empirically robust assessment of the reasons and

conditions of entrepreneurial exit. This research argues that entrepreneurship research needs to cut across disciplines and integrate multiple theories to explain the exit phenomena in greater detail.

2.10.1 Research questions:

1. To evaluate how business owner's/ self-employment individual's exit decision is influenced by the resources (level and type) they have processed and accumulated over their individual, business and household life courses?
2. To critically analyse how these resources affect the duration a business owner/a self-employed individual remained in business prior to them making an exit?
3. To explore prevalent forms of exit by critically appraising how resources possessed by the business owner/self-employed and their households influence the conditions for these different forms of exit?

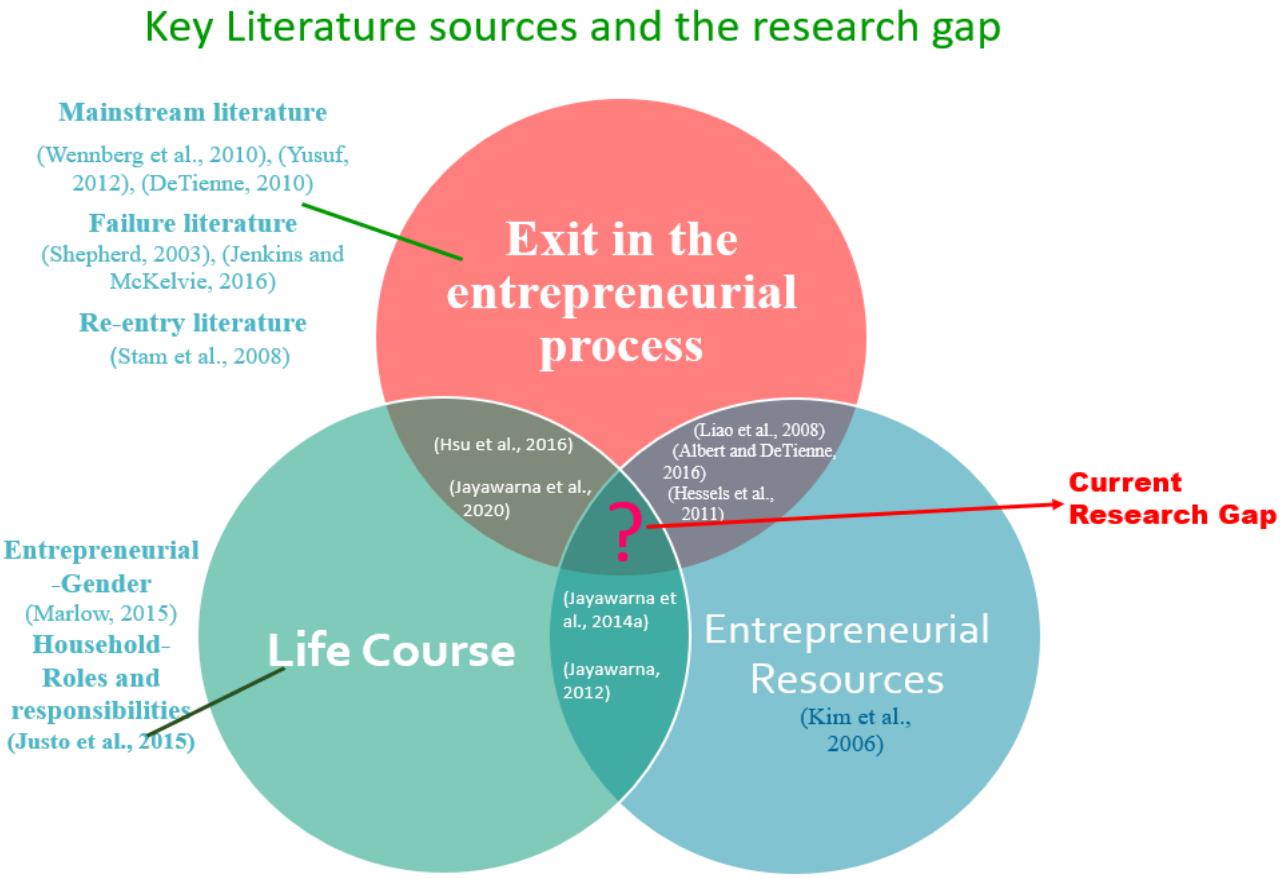


Figure 2. 2 Key Literature Sources and the current research gap

Chapter Three: Methodology

3.1 Introduction

Guided by the theoretical framework, the adopted philosophical paradigm of positivism has assisted the development of the research methodology. Quantitative research design is proposed after elaborating the philosophical stance, which is justified by the theoretical framework. The adaptation and suitability of a longitudinal panel survey with particular reference to the United Kingdom Longitudinal Household Study (UKHLS) for this research and the research strategy are also detailed hereafter.

3.2 The philosophical stance of the research

Paradigms/worldviews are systems of beliefs and assumptions about the development of knowledge (Saunders, Lewis and Thornhill, 2016), which guide actions in choices of research practices, including methods and in selecting ontologically and epistemologically cardinal directions (Guba and Lincoln, 1994). Research paradigms are supported by three philosophical assumptions; ontology (nature of reality), epistemology (what it means to know) and methodology (how to know) (Kalof, Dan and Dietz, 2008; Guba and Lincoln, 1994; Ponterotto, 2005). Positivism has been selected as the research paradigm for the current research, which will reveal the fundamental insights for an entrepreneurial exit based on uncontaminated data and facts that are uninfluenced by human interpretation and free from biases. Epistemologically, the focus will be on observable and measurable facts, and by observing and measuring the phenomenon, it will be possible to generate credible and meaningful data (Crotty, 1998). Furthermore, such epistemological focus enables the researcher to maintain an independent and neutral stance while maintaining strict separation from the researched. In this way, it will ensure the removal of introducing personal bias either from the researcher or the research subject – the idea heavily contested by Kant in his Critique of Pure Reason (Burell and Morgan, 2017). However, Bryman and Bell (2015) argued that it is neither useful nor desirable or possible to delay theoretical linkages with the data.

Additionally, this research utilises secondary data; therefore, the researcher could not influence the process of collecting data (Saunders, Lewis and Thornhill, 2016). The causal relationship

in the data will be investigated and analysed, and theory will be utilised to explain the logic behind the behaviour and events. Jones (1995) argued that it is challenging to establish temporal precedence in cross-sectional research in terms of causality; the current study utilises longitudinal data to tackle that. Such an approach allows the research to leverage the positivist worldview to determine whether static/dynamic entrepreneurial resources within the individual and household life course perspective can explain entrepreneurial exit. It is possible to study the measurement of objective reality 'out there by operationalising the variables where the research objectives had been reduced to a small discrete set of variables (reductionist) that constitute and frame the research questions (Creswell, 2013). As such, objectivity is not mentally constructed here. The objective entities are truly external to the social actors (Bryman and Bell, 2015) even though there was a growing realisation that researchers' observations are guided by their expectations (Trigg, 1985) and preconceptions (Jones, 1995). However, while studying the behaviour of the entrepreneurs, it can be observed that reality could be apprehensible, and the knowledge of the reality can be summarised in time and context-free generalisation with a cause and effect form (Guba and Lincoln, 1994). The position of the research within Guba and Lincoln (1994) positivists philosophical framework is presented in Table 3-1:

Table 3. 1 Positivist Philosophical Framework of the Current research

Item	**Positivism criteria (Guba and Lincoln (1994))**	**contextualisation of the present research**
Ontology	Naïve realism	The explanation for entrepreneurial exit can be provided in a deterministic manner
Epistemology	Dualist/Objectivist	The researcher can study the researched object independently, without influencing it or being influenced by it. Since the panel data is of historical nature, an accurate indication of the scenario can be obtained.
Methodology	Experimental/ manipulative, mainly quantitative methods	The research questions are formed, and appropriate tests will be conducted on longitudinal panel data to conduct the analysis in a more explorative manner. Appropriate control measures will be undertaken to ensure the outcome is pristine.

It should be mentioned that the adopted positivist philosophical stance for this research is consistent with the contemporary academic research practice followed by other researchers in the entrepreneurship discipline. Since the study of entrepreneurship is approached from multiple disciplines, the application of an increasingly standardised positivist approach mitigates the problem of fragmentation (Pfeffer, 1995). Moreover, Grant and Perren (2002) established that the functionalist paradigm (Burell and Morgan, 2017), associated with positivist epistemology and realism ontology, has played a predominant role in entrepreneurship and small business studies up to the year 2000. Findings from the study conducted by Pittaway (2005) are also square with the dominance of positivist epistemology in entrepreneurial research.

Figure 3-1 demonstrates an overview of the research philosophy and its influence on the research process. The design of the study begins with the selection of a paradigm (Guba and Lincoln, 1994; Robson, 1993), which sets the context (Ponterotto, 2005) of the research.

3.3 Quantitative Research: Objectives and Limitations

When utilising the positivist approaches, management research is generally associated with quantitative methods (Johnson and Duberley, 2000). The quantitative research method can be defined as the techniques used for collecting, analysing, interpreting and presenting statistical information (Teddlie and Tashakkori, 2009). This approach is highly versatile, allowing researchers to conduct from simple to highly sophisticated statistical analysis for data aggregation and framing the relationships among the variables or establish a basis for comparison (Coghlan and Brydon-Miller, 2014). The deductive reason is associated with quantitative research, where a top-down approach often starts with a hypothesis, followed by the collection of the related data and objective analysis of the data based on existing knowledge (Wheeldon and Ahlberg, 2012). The deductive approach helps the researcher to maintain his research objectivity and value neutrality while simultaneously enabling the researcher to draw generalisable conclusions based on the relationship(s) between the independent and dependent variables (Creswell and Clark, 2017). This approach is consistent with the positivist philosophy, which is the bedrock of quantitative research (Bryman and Bell, 2015). The position of quantitative research across critical issues of social research is presented in Table 3-2.

Table 3. 2 Key Issues in Social research

	Quantitative approach	Qualitative approach	Pragmatic approach
The connection of theory and data	Deductive	Inductive	Abductive
Relationship to the research process	Objectivity	Subjectivity	Intersubjectivity
Inference from Data	Generality	Context	Transferability

Adapted from Morgan (2007)

The objectives of the methods described in Table 3-3 are to explore the relationships in either static or dynamic content and establish generalisation from the representative sample. An experiment is a classical form of research where a change in one independent variable produces a change in another dependent variable (Saunders, Lewis and Thornhill, 2016). While the experimental study provides an opportunity to observe a natural phenomenon, it does not, however, comply with the nature of the present enquiry of the research where the role of the independent variables (various resource indicators) is to assess its impact on entrepreneurial exit without any deliberate intervention by an external party. A cross-sectional survey collects and organises information to make inferences about a population of interest (universe) at a particular point in time (Lavrakas, 2008). Therefore, the cross-sectional design, a snapshot of the population, would not be helpful due to its inability to capture the time-varying variables. However, a longitudinal study can provide insights into the time order of variables and allow causal inferences to be made for those issues concerned with illuminating social change and improving the understanding of causal inferences over time. Moreover, longitudinal research studies can address evolving issues and related research questions that are impossible to address using cross-sectional research designs. Specifically, due to its ability to capture change within subjects over time (Taris, 2000) longitudinal data gives the added advantage to causal modelling by establishing causal relationships, which is almost impossible with cross-sectional data (Frees and Kim, 2008).

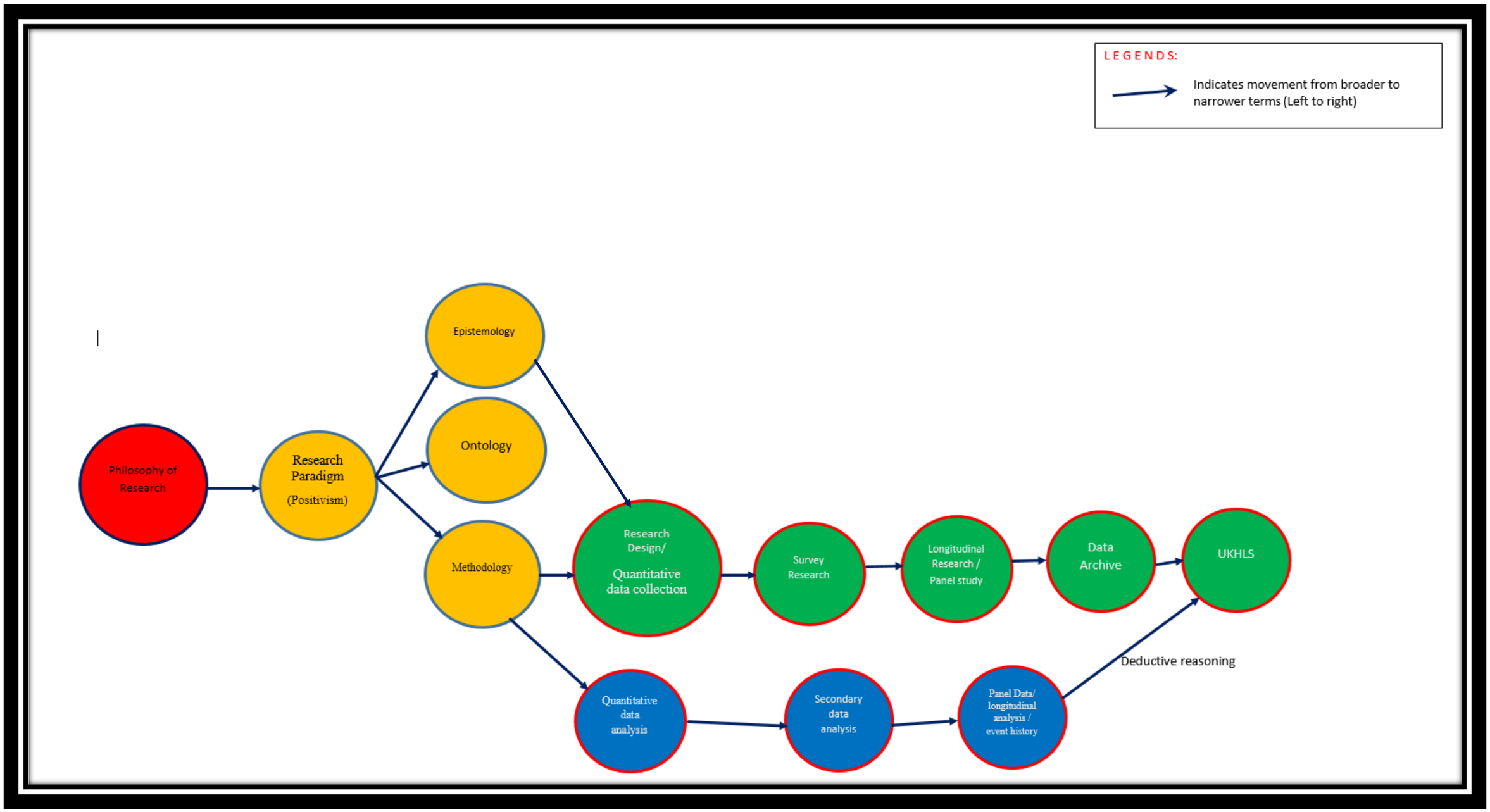


Figure 3. 1 Research Philosophy in a nutshell in the purview of the current research, inspired by (Sage Method Map)

Table 3. 3 Quantitative research methods: Comparison to present research objectives

Methods			General Focus	Advantages in relation to current research settings	Limitations in relation to current research settings
EXPERIMENTAL	Experimental study		Examining the the relationship, where the independent variable is deliberately manipulated to see whether the intervention affecting the hypothesised dependent variable (Cooper and Schindler, 2014)	Contamination from extraneous/ confounding variables can be controlled. Ability to manipulate the independent variable. The investigator may get the opportunity to observe a natural phenomenon	Difficult to implement an artificial setting as the research is dealing with real entrepreneurs' exits. Experimental studies of the past data are not feasible, are most useful for problems with the present or near future. Not possible to manipulate the variables whose impact the researcher wants to find out in the dependent variable.
NON–EXPERIMENTAL	SURVEY	Survey	Provides a numeric description of trends, attitudes, opinions about a population by studying a sample of that population through generalisation (Creswell, 2013)	Used both to describe the phenomenon and analyse relationships Generalisability	Self-reporting sometimes may lead to biases Intrinsic nature of the phenomenon might result in low responses For sampling procedures, it is difficult to define the boundaries of the population
		Cross-sectional study	Collection of data at a single point in time on more than one case to collect quantify- able data on two or more variables, which are then examined to detect patterns of association (Bryman and Bell, 2015).	Provides a snapshot of the phenomenon Comparison (and control for) different settings of interest Generalizability	Difficult to separate confounding effects Cannot explain background and reasons for the identified differences May not be suitable when the exit is considered as an entrepreneurial outcome in the entrepreneurial process
		Longitudinal study	**Investigation of the phenomenon takes place in a natural setting over a long period.** **Emphasises what happens rather than speculates on what might happen. It provides insights into the process of social change.**	**Capturing the dynamic perspective of life-course data (Lavrakas, 2008)** **More able to allow causal inferences to be made (Bryman and Bell, 2015)** **• Examination of change processes** **• Generalizability**	**As longitudinal data collection takes time, researchers need to depend on secondary data, which sometimes add limitations in terms of how variables are measured; often taking proxies or sub-optimal measurement scales**

3.4 Research strategy

The overall research strategy is based on the analysis of secondary data collected by longitudinal panel surveys. The advantages and disadvantages of secondary data (Saunders, Lewis and Thornhill, 2016) in the context of the present study are presented in Table 3-4. Longitudinal life course data collected by a prospective panel survey can be used to detect causal inferences by employing quantitative analysis.

Table 3. 4 Advantages and disadvantages of secondary data

	Advantages/Disadvantages	**contextualisation regarding the present study**
SECONDARY DATA	**Advantages**	
	Secondary data requires fewer resources regarding time and money	The present study will utilise Understanding Society, Wave 1-8, which is available for download from the UK data archive. The database is free to download to any registered user; otherwise, information about such a large population would be expensive and difficult to obtain. Additionally, secondary data is available from periods other than the present day. As such, the researcher can get immediate access to the longitudinal data.
	Feasibility of longitudinal studies	The present research needs to access and analyse longitudinal panel data in order to address the research questions, In this research, data related to waves 1-8 has been utilised. The data provided by Understanding Society is high-quality longitudinal nature to help understand the impacts of social and economic changes taking place over long periods,
	Capability to provide contextual data	Since the scenarios that compel entrepreneurs to make exits are highly contextual, analysing UKHLS data related to subjects such as work, health, education, income, family, and social life will provide insights into the contexts that can explain the phenomenon that remains unexplained so far in the entrepreneurial exit domain.
	Can provide unforeseen discoveries	Since the ULHLS is collecting high-quality longitudinal data about multiple subjects such as health, work, education, income, family, and social life, the analysis of the data will be carried out in an explorative fashion to delve into issues that has never been explored before.
	Disadvantages	
	Suitability and adaptability issues	The fundamental structure of panel data provides analytical leverage for rigorously achieving the central aim of quantitative research: estimators of causal effects, which is also in the same line with positivist epistemology. As the Understanding Society covers a wide range of social, behavioural and economic factors, the study can access a wide array of data to operationalise the variables. Moreover, attempts will be made to make those variables suitable to use for the research questions. Aggregation of data will not be an issue since data is collected on an individual basis.
	Maintaining data quality	UKHLS is expected to be associated with high quality as it is funded by the Economic and Social Research Council (ESRC) from the most significant single investment in academic, social research resources ever launched in the UK. Thus, the issues associated with longitudinal studies should not be a significant concern for this database.

3.5 UKHLS: General Characteristics and its suitability in the context of the present study

In this research, a nationally representative longitudinal database drawn from non-institutionalised resident population, the United Kingdom Household Longitudinal Study (UKHLS), will be analysed to examine the exit dynamics of a sample of self-employed individuals as well as business owners/ partners who reported to be involved in running a business as their primary employment status. Understanding Society builds on its predecessor project's success, the British Household Panel Survey (BHPS). Popularly known to the respondents as Understanding Society, this prospective perpetual life panel survey represents members of approximately 40,000 households (at Wave 1) in the United Kingdom. Data collection for the Understanding Society survey commenced in 2009 when the financial crisis had unleashed the recession, austerity and other detrimental consequences.

The overall objective of the Understanding Society is to provide high-quality longitudinal data on subjects related to health, work, education, income, family, and social life of individuals and the members of their household. The longitudinal panel nature of the study and the multiple perspectives it has taken are particularly key to understand the long-term effects of social and economic change, as well as to provide empirical base for policy interventions to impact the general well-being of the UK population (Giles, 2001). As household panel data organises information about individuals, information on the business the individuals are engaged with is not available (Reuschke, 2016). There is a significant amount of data available in the UKHLS wave 1- 8 data files; these data can be used to analyse a number of relationships between various forms of resources and work transitions, including exit. Its emphasis on households offers a unique advantage as it provides data in relation to the individual respondent and members of their household. Data at both individual and household levels is essential to understand interrelationship as household members have a profound influence on critical decisions made by an individual (Buck and McFall, 2011).

3.5.1 UKHLS: Sample Characteristics and data collection

Understanding Society has multiple samples. These include the general population sample (GPS) and its subset, the general population comparison (GPC) sample, the ethnic minority boost sample (EMBS), the former BHPS sample and the immigrant and ethnic and minority

boost sample (IEMBS) (Buck and McFall, 2011; Knies, 2017). The UKHLS employed stratified random equal probability cluster sampling to develop its initial sample to represent the British households. Households recruited at the first round of data collection are paid a visit every subsequent year to collect information via personal face to face, telephone or self-completion interviews (administered through mail or web) on changes to their household and individual circumstances. When individuals left their original households, they were treated as a new household in the follow-up interview(s). Respondents aged 16 and over complete the adult survey, while younger people aged 10-15 complete the youth questionnaire. Due to the large sample sizes, each wave's data is collected over two years or 24 months (Knies, 2017).

The composition of the household determines the rules for following the individuals over time. In the first wave, individuals in the selected household are termed as original sample members (OSM). After the first interview, members who have joined the household are termed as temporary sample members (TSM). Births to OSM mothers are also categorised as OSM. TSM is followed as long as they live in the same household as the OSM; data is not collected if they leave the OSM household (Buck and McFall, 2011).

3.5.2 Panel data: Suitability in the context of the present research

Household panel data can enable an arduous examination of contextually sensitive questions raised by life course studies (Halaby, 2004). They are well suited for statistical analysis of social change and dynamic behaviour (Miller and Brewer, 2003). Longitudinal panel data would enable the researchers to track the movements in knowledge, attitude and behaviours that might influence the entrepreneurial outcome and the entrepreneurial process. Progressive panel study generates repeated observations, which will allow more effective study of dynamic issues. Dynamic data instigates the evolutionary school of thought about the process of social change (Gershuny, 1998). Longitudinal data enables time-variant covariates to be used as predictors, which is important to capture the individual household and business dynamics essential in life course analysis.

Additionally, the large sample contributes to high statistical power for studying interaction effects. This data also includes many cross-references useful for checking the validity of

responses. Finally, the short duration between waves (1 year) helps capture entrepreneurial outcomes over a long period. However, the panel study is not without its limitations. The typical problems associated with panel study and how UKHLS being a longitudinal database, responded to those limitations are presented in Table 3-5.

Life-course analysis has rarely been used in entrepreneurial exit research using progressive higher quality panel data. Individual data files need to be merged with household files to explore the influence resources have on exit and to capture the interaction of individual and institutional structures. The aim is to examine multiple domains of influence on exit, including entrepreneurial resources, work histories, educational histories and business and family roles. As the business exit decision is endogenous to household roles and conditions, it is essential to consider a dynamic and longitudinal perspective over the entrepreneur's life. Because the household division of labour is repeatedly renegotiated between spouses by their relative economic resources and work strategies, it is crucial to consider these variables' time-dependent nature when modelling work transitions, as is anticipated in life course models.

Table 3. 5 Problems associated with Panel study (Bryman and Bell, 2015) in the context of the present research

	Criteria	**UKHLS – Understanding Society**
PROBLEMS: PANEL STUDY	The problem of sample attrition	Over time, panel attrition may become a problem. Rabe and Taylor (2010) argued that for BHPS, the predecessor of UKHLS, no evidence for the non-random attrition of people leaving the sample could seriously threaten the validity of longitudinal data. Moreover, some evidence from panel studies indicates that the problem of attrition declines with time (Berthoud, 2000). Previous research also implies that that the impact of panel attrition on estimates is typically tiny (Jenkins, 2011).
	Few guidelines associated with future data collection	Since UKHLS is funded by the Economic and Social Research Council (ESRC) and developed as an academic, social research resource, it follows a strict guideline for data management. Up to now, data related to wave nine has been collected and ready to use. Data collection for wave ten has already been started. As such, every aspect of this longitudinal panel study is highly structured.
	Poorly thought design	Steps were undertaken regarding survey methodology in the longitudinal survey to ensure UKHLS associated with the highest standard of best practice (McFall and Garrington, 2011). Thus, to generate high-quality longitudinal data related to health, work, education, income, family, and social life, Understanding Society is designed competently to accommodate a collection of both objective and subjective indicators. Such a wide array of collection of data offers opportunities for doing research within and across multiple disciplines.
	Panel Conditioning effect	Views of the respondents are becoming more atypical as the panel respondents are likely to become more informed over time. Due to the longer time interval between the survey

	Criteria	UKHLS – Understanding Society
		administration, BHPS did not indicate any sign of panel conditioning (Pevalin, 2000). It is expected that the effect of panel conditioning will be minimised since UKHLS is also using the same time interval for data collection as BHPS.

3.5.3 Processing of data

In order to facilitate longitudinal data analysis, available data was reconfigured into person-year observations. In this research, utilising all the eight waves generated a sample of 26,468 person-year self-employed individuals and 9,428 person-year self-employed business owners and partners who were aged between 16 and 64. A cursory glance at Table 3-6 reveals the comparative analysis between household and individual response rates between the first (Wave 1) and Wave 8. As an entrepreneurial outcome, exit can happen at any stage of the entrepreneurial process, including the nascent stage. Thus, the use of longitudinal panel data would add value where repeated observations allow more effective study of the dynamic intra-household relationships (Frees and Kim, 2008). UKHLS will allow the researcher annually to collect information from the respondents about the current state and events that happen between the waves. It will enable the researcher to track natural setting movements in knowledge, attitude, and behaviour, allowing the researcher to concentrate on what happens rather than speculating on what might have happened. As such, it is possible to obtain actual exit data of the self-employed individuals/business owners.

Table 3. 6 Understanding Society: Comparative analysis of the sample (response rate) in Wave 8 and Wave 1 (Boreham, Boldysevaite and Killpack, 2012; Carpenter, 2017)

Sample name	WAVE 8				WAVE 1			
	Household #	Response rate (%)	Individual Adults (16+)	Response rate (%)	Household #	Response rate (%)	Individual Adults (16+)	Response rate (%)
General Population[a] **(GP)**	16015	69*	31166	88	28000	57	50138	82
Ethnic Minority Boost[b] **(EMB)**	2116	59	5229	82	10253	40	9195	72
British /Northern Irish Household Panel Survey[c] **(BHPS/NIHPS)**	5383	74	10588	91				
Immigrant and ethnic Minority Boost[d] **(IMEB)**	2569	53	5702	83				

[a] The GP sample initially sampled at Wave 1

[b] The EMB sampled initially at Wave 1

[c] BHPS/NIHPS samples were incorporated at Wave 2

[d] IEMB sample initially sampled at Wave 6

*a separate attrition analysis will be conducted before the primary data analysis

3.6 Self-employment and business owners and partners: the justification for using two groups

Within entrepreneurship research, self-employed and business owners are treated equally, and the two terms are used interchangeably (Mondragón-Vélez, 2009). Though there are limitations in representing entrepreneurship by self-employment (Krasniqi, 2009), both of these groups were treated similarly by researchers in an extensive amount of research where the terms were used interchangeably (Georgellis and Yusuf, 2016; Lofstrom and Bates, 2009; Freytag and Thurik, 2007; Noorderhaven *et al.*, 2004; Blanchflower and Meyer, 1994). Self-employment is considered to be a problematic proxy for entrepreneurship (Levine and Rubinstein, 2016) as it fails to distinguish between entrepreneurs and other self-employed individuals (Glaeser, 2007). Even though some of the entrepreneurs are linked to highly productive ventures which are creating jobs as well as introducing new products and services (Cullen, Johnson and Parboteeah, 2014), the majority of the self-employment group members are individuals who have little or no intention to grow their business and typically associated with low productivity. Moreover, for many such individuals, self-employment is a temporary arrangement to bypass the deteriorating economic conditions and the lack of access to alternative wage employment or a way to achieve flexibility for carrying out their activities (Dawson and Henley, 2012). Thus, combining these two groups may generate a misleading perspective about the entrepreneurs –both conceptually and empirically (Levine and Rubinstein, 2016).

However, it is often difficult to differentiate between entrepreneurial individuals from self-employed workers in a large survey or administrative data (Abreu *et al.*, 2019). Many quantitative studies, given the difficulty in identifying entrepreneurs, use self-employment as an operational construct (Gartner and Shane, 1995) despite the drawback which combines all heterogeneous self-employed activities into a sole measure (Nyström, 2008; Thurik *et al.*, 2008; Caliendo, Fossen and Kritikos, 2009). The inclusion of the self-employed group in the dataset for the current research is substantiated by the fact that in many prior entrepreneurship studies, research was conducted on self-employed people to infer a conclusion about the entrepreneurs (Hamilton, 2000, Atherton et al. 2018). Moreover, an individual's decision to leave self-employment has long been considered to be an entrepreneurial exit in academic literature (Jayawarna, Marlow and Swail, 2020; Evans and Leighton, 1989; Van Praag, 2003).

It should be further noted that the selection of incorporated businesses (business owners) is justified by their characteristics that are more closely aligned to the entrepreneurs (Levine and Rubinstein, 2016) and use in literature as a proxy for entrepreneurship (Jayawarna, Marlow and Swail, 2020; Aaltonen, Blackburn and Heinonen, 2010)

Moreover, selecting self-employed individuals to represent business owners is misleading in entrepreneurship research as some self-employed individuals, such as subcontractors and freelance workers, have different employment patterns compared to business owners (Dawson and Henley, 2012). In this research, the group consists of self-employed business owners and partners (herein referred to as business owners) who were running businesses or managing professional practices in any of the eight waves of UKHLS. The reason for combining business owners and partners in the same group is validated by the fact that some of the existing business owners may change their status from business owners to partnership concerns in the subsequent waves to meet the growing need of businesses. In the technical term, it should be treated as an expansion of the business. Thus, their change of status should not be considered an exit as the owners become partners in the subsequent wave(s). This research will use self-employed business ownership in addition to self-employment only to define and analyse the entrepreneurial exit.

A cursory glance at Table-3-7 reveals some of the recent literature on self-employment/ entrepreneurship/labour market that utilised the UKHLS/BHPS for quantitative analysis.

Table 3. 7 Some recent publications based on UKHLS/BHPS

SL#	Name of the article/chapter	Author(s) and year	Main Finding/contribution	Data/Wave utilised
1.	Well-being effects of self-employment: A spatial inquiry	(Abreu *et al.*, 2019)	By analysing the longitudinal data, the researchers found that semi-urban locations provide an optimal amalgamation of the convenience of doing business and quality of life. Moreover, they reported that individuals in wealthy neighbourhoods who switch into self-employment experience higher job satisfaction than comparable individuals who are living in materially deprived neighbourhoods.	The first seven waves of UKHLS was utilised.

SL#	Name of the article/chapter	Author(s) and year	Main Finding/contribution	Data/Wave utilised
2.	Self-exploitation or successful entrepreneurship? The effects of personal capital on variable outcomes from self-employment	(Atherton, Wu and Wu, 2018)	Entrepreneurs with higher levels of personal capital were associated with higher incomes. However, those with lower levels of personal capital were more likely to have negative returns from self-employment	The study used waves 1-5 (2009-2014) of UKHLS and 18 waves of BHPS.
3.	Labour market entries and exits of women from different origin countries in the UK*	(Khoudja and Platt, 2018)	This paper examined transitions into and out of the labour force of women from different ethnic groups in the UK, focusing on gender attitudes and potential trigger events.	The first six waves of Understanding Society data was utilised.
4.	The Importance of Housing for Self-employment	(Reuschke, 2016)	This article exhibits that housing can influence an individual's decision to start businesses or become self-employed. Moreover, housing characteristics have the power to facilitate or hinder business start-ups.	Harmonised BHPS and UKHLS (up to wave 3) data were utilised.
5.	Is becoming self-employed a Panacea for job satisfaction? Longitudinal evidence from work to self-employment transitions	(Georgellis and Yusuf, 2016)	This paper examined whether individuals who switch to self-employment enjoy a higher level of job satisfaction than the previous level and whether the gain in satisfaction level can last for a longer period of time.	Eighteen waves of BHPS for the period of 1991-2008 was utilised.

*The paper is related to the labour market and discussed some concepts relevant to the present research.

3.7 Challenges in data management

Data management involves some of the most challenging aspects of data analysis (Mitchell, 2010). Indeed, formidable data management challenges have to be overcome to track those self-employed/ business owners who made exits across different waves. As exit is a natural phenomenon for self-employed/business owners (Wennberg, 2008), it can happen at any time in the entrepreneurial process. However, people who are exiting a particular wave may have started their entrepreneurial journey significantly earlier, although shorter entry and exit episodes are also possible. The longitudinal study's very purpose will be undermined if the entrepreneur's life history, as captured in the studied waves, is not carefully tracked. Identities were established and matched to self-employed individuals' successive wave self-reported status to keep track of those observed in a particular wave for the first time. In this way, it is

easier to follow their survival history in every ensuing wave after they entered into the study. Hence, in the subsequent wave(s) self-employed individuals/business owners were selected only from the previous wave's survivor pool to ensure that they belong to the cohort of the specific wave entrants.

Similarly, self-employed business owners and partners who reported their employment status in a particular wave are tracked to the wave they exited or to the last wave to reveal their survival history. For the self-employed business owners and partners, this identification process posed an additional challenge as business owners and partners were categorised differently in the measurement variable. They were combined and made a single category, 'Business owners' in each of the respective waves to facilitate the identification process. Once identified as the new entrants based on their reported status, the same process was repeated to track the exit of those owners and partners detached from the business in different waves to create the exit scenario.

In addition to horizontal data management, vertical data integration was also adopted to enhance the data analysis capability since many longitudinal data analysis techniques can only be utilised if the data is in a long format. In UKHLS, data is available in separate individual as well as household files in each wave. The following steps were undertaken in order to track the life history of the self-employed/self-employed business owners; Individual-level files were merged with household-level files for each wave. Once the merging process was completed for each of the eight waves separately, merged files in different waves were then appended to one another in order to create a single long master file that contained data from all the eight waves for subsequent longitudinal data analysis. Thus, two separate long master files were created for the self-employed and self-employed business owners for convenience of analysis.

3.8 Operationalisation

In this research, the researcher has focused on variables that were most frequently cited in the literature. Ideal measures and scales were not always available as the research utilised data from a secondary source. For identifying the self-employed/business owners' group as well as

exit, some single-item measures (relating to control variables and entrepreneur status) and several reflective multi-item measures (relating to human, financial, and time as an entrepreneurial capital) were used. Data on most of the measures were collected on an annual basis during the eight waves and, therefore, time-variant.

3.8.1 Dependent variable(s)

Guided by the research objectives and the research questions, in this research, the author has utilised three dependent variables in the three sets of analyses described below:

3.8.1.1 Exit as a dichotomous variable

In the beginning, in order to filter out the self-employed group from the wage employed, a self-reported dichotomous variable from each wave of the UKHLS asking the economically active respondents to identify their economic status was utilised. Responses to this question(wage employment vs self-employment) were studied over eight waves (2009-2016). Respondents were considered as actively participating in self-employment if their reported status was 'self-employment' in wave t-1. Thus, self-employed individuals who were active in self-employment at time t-1 and reported out of self-employment business at time t were considered to have left self-employment and thus experienced exit. However, those individuals who entered into self-employment at any one point in time over eight waves of UKHLS or prior to the start of UKHLS at a year specified by the respondent and remained active up to the last wave formed the non-exit group. Thus, exit was coded as a dichotomous variable with those who experienced exit=1 and 0 otherwise.

In order to identify the business owners and partners within the self-employed group, an additional question related to the nature of self-employment, "Are you running /or partner in a business or a professional practice" was asked from those who reported their employment status as 'self-employment' (as opposed to wage employment). Thus individuals who reported the business owners/partners status during the observation window were followed from recording the ownership status until the year they left the business or to the last wave/year of study. Business owners' or partners' exit from the incorporated business, in different waves,

is determined by comparing the self-reported status of business owners and partners at time (t-1) with the status at time (t). The emphasis was placed on those transitions where the owners/business partners had made a switch to any other labour market status (including wage employment, unemployment or self-employment) from their reported ownership and partnership status in the previous wave(s). Those business owners/partners whose status was missing in the subsequent waves were excluded from the analysis. Thus, the dichotomous exit variable (exit=1 vs non-exit=0), was derived based on work transition from self-employment/business ownership at t-1 to any other labour market status at time t.

3.8.1.2 Tenure of self-employment/business ownership, a continuous variable

After creating the dichotomous exit variable for the self-employed and business owner' group, a continuous dependent variable measuring the duration for which they have been in self-employment/business ownership was created. For this, the sample that filtered out as 'those experienced an entrepreneurial exit' for question 1 was used. This dependent variable of 'Duration to Exit' was measured in years, which indicates the amount of time the individual was associated with the business. Thus, the number of years between the year of exit and the year of starting self-employment/business ownership was considered to create the measure. In cases where missing values were presented, a number of other variables from the dataset were used to calculate the duration each self-employed/ business owner stayed in business.

3.8.1.3 Exit conditions experienced by the self-employed/business owners

Considering exit as a dichotomous outcome presents limitations in understanding the drivers of exit as well as the criteria for making an exit. Thus, to extend the capability of the analysis to go beyond the dichotomous explanation of exit, the exit event has been defined utilising the following two conditions: i) the Tenure of self-employment (the time between entry into and exit from self-employment), and ii) Returns from self-employment (the income from self-employment in the year before taking the exit decision). Based on the self-employed Tenure and Returns, the sample was subsequently divided into four groups. In terms of self-employment Tenure, a distinction was made between the early-stage exit of the individuals from self-employment (categorised as 0) and matured stage self-employment exit (categorised as 1) based on the maturity of business criteria set in the Global Entrepreneurship Monitor

(GEM) 2018/2019 Global Report (Bosma and Kelley, 2019). Moreover, the criteria for Returns was set based on the median income in the year before they made an exit from self-employment: High Earners (=1) and Low Earners (=0). High Earners were identified as those having income higher than the median, and the Low Earners were identified as those having income lower than the median. This categorisation has resulted in defining four conditions for exit:

i. Involuntary Negative exits
ii. Voluntary positive exits
iii. Involuntary positive exits
iv. Voluntary wasted opportunity exits

When making a demarcation between voluntary vs involuntary exits in this research, the researcher followed Justo, DeTienne and Sieger (2015), who revealed important distinctions between voluntary and involuntary exits in their analysis of knowledge workers from Sweden and Aaltonen, Blackburn and Heinonen (2010) who distinguished between economically vs non-economically forced exits. However, when making a distinction between positive vs negative exits, both the duration of the self-employment/business owners and the return they made before their exit were considered. While voluntary positive exit is a condition that is enabled through higher than average income and longer stay in business, those experiencing lower-income and staying longer in business exit their businesses were categorised as involuntarily negative exits. Voluntary wasted opportunity is enabled through higher than average income but shorter stay, while involuntary positive exits are associated with lower than average income and shorter stay in the business. Apart from involuntary negative exits, the rest of the three types of exits have some positive aspects. Voluntary positive exits and voluntary wasted opportunity exits were making a higher return at the time of exits, while involuntary positive exits, even though earning a lower return, did not take a longer time to quit, which is referred to in the literature as intelligent exits (Yusuf, 2012).

3.8.2 Explanatory variables

In the literature review, several human, financial and time resource variables were identified as influencing self-employed/self-employed business owners' decision to exit from their business.

3.8.2.1 Measures related to Human capital Variables

The UKHLS offers several items to measure human capital variables. In this analysis, all of the human capital indicators are measured at the individual level. The only time-invariant fixed human capital variable used is the respondent's highest educational qualification (qualification reported the year before making an exit). The original eight-category UKHLS question was recoded into three categories following: (1) high level of education (university degree/higher degree) (2) secondary education (including higher secondary education) and (3) low/no formal education (including lower secondary education) to measure the highest academic qualification following Jayawarna, Rouse and Macpherson (2014); Vandecasteele (2011). As a proxy for accumulated knowledge/experience, the prior life experience is measured by the respondent's log-transformed age, which works as a time-varying covariate. Moreover, receipt of *new training* was a binary measure (1, yes) following (Jayawarna, Rouse and Macpherson, 2014) in the UKHLS, which asked whether respondents received any new training since the last interview. In order to measure previous labour market experience, the eleven categories previous employment status of the respondents was subsequently recoded into three categories: i) entrepreneurs who had no experience due to unemployment, ii) entrepreneurs who only had experience in wage employment and iii) and those entrepreneurs who had self-employment experience, to measure the entrepreneur's previous labour market experience. Thus, in this analysis, except for the dynamic life experience captured through age, all other individual-level human capital indicators were measured at one point in time over the life course.

3.8.2.2 Measures related to Financial capital

In order to measure financial capital, several individuals and household level variables from the UKHLS were utilised. Individuals' earnings from self-employment/business were

measured as a log-transformed time-varying covariate to induce normality (Stevenson and Wolfers, 2008; Layard, Mayraz and Nickell, 2008). Moreover, time-varying individual-level variable 'satisfaction with income' is gauged through the response to the question: "please tick the number which you feel best describes how dissatisfied or satisfied you are with the following aspects of your current situation [satisfaction with income]", measured on a 1–7 Likert scale, ranging from 1 = completely dissatisfied to 7 = completely satisfied.

From the household perspective, the static effect of financial capital is measured through the log-transformed value of the property as a proxy of household wealth (reported value in the year before making an exit) in order to assess the domestic capability of house ownership in the analysis. With respect to household economic strategies, 'breadwinner role' is a dichotomous time-varying dummy variable. Income/drawings measures for both the respondent and the spouse were compared to derive the categories of the breadwinner variable. In dual-earner households, if the self-employed individual/business owner income is more than the spouse's income, they were grouped as primary breadwinner or otherwise secondary breadwinner. If self-employed individuals/business owners are the only income earners to the household, they are classed as the sole breadwinner and included in the analysis as a primary breadwinner. At this level, the accumulated effect of financial capital is measured through a time-variant dummy variable indicating the economic status of the spouse with 1= in employment, since literature stresses the importance of social capital/income of the spouse for business start-ups (Matzek, Gudmunson and Danes, 2010; Carter, 2011) as well as the spousal contribution to the business (Carter *et al.*, 2017).To measure the household's poverty status, a dummy variable "in poverty" was created using the relative poverty line (60% of the median equivalised household income in the population) following the coding strategy outlines by Longhi and Nandi (2014), where 1 = respondents were living in poverty.

3.8.2.3 Measures related to Time as an entrepreneurial capital indicator

At the individual level, the dynamic effect of time as a resource is measured by two variables from the UKHLS. The first one is the number of hours per week the respondents put in the business, which indicates a commitment towards self-employment/business. The value of the variable has been log-transformed to induce normality. The second variable is the work location, a time-variant dummy variable with 1= working from home. It is argued in the

literature that working from home provides job flexibility for individuals (Reuschke, 2016). From the household perspective, the static indicator of time as a resource is measured by the presence of young children (age<=4) in the household as the literature suggests children of pre-school age tend to have the most potent negative effect on women's labour force participation (Khoudja and Platt, 2018). This time-invariant variable is constructed by combining two variables from the UKHLS: the number of children under two and the number of children between 3 to 4 in the household. From the household perspective, the accumulated effects of time as a resource are captured by two variables, where the first one is related to household commitment. It is measured by the number of hours the self-employed/business owners put weekly into the housework. As before, this continuous time-variant value of the variable has been log-transformed for the analysis. Three broad but theoretically meaningful dummy variables were utilised while collecting data on childcare responsibilities, the second household level time-variant indicator utilised in this research following Jayawarna, Marlow and Swail (2020). The categories are arranged from minimum to maximum responsibilities with 1= childcare is outsourced, 2= the partner shares the responsibility, and 3= the self-employed/business owner takes full responsibility, which restricts work (the reference category is no children/no care responsibility at the household).

3.8.3 Control Variables

In this research, based on previous studies, a robust set of individual, business and labour market characteristics is included as control variables. The objective of including a wide range of time-invariant and time-variant control variables was to reduce the impact of selection bias on the research finding. The time-invariant control variables utilised in this research are sex, region and the year of reporting self-employment/business ownership status. The time-variant controls are marital status, the business size, the entrepreneur's health condition, and the local labour market condition. Both sex and the self-employed/ business owners' marital status are treated as dummy variables with (1=female or 1=single, respectively) across the waves.

Similarly, time-varying general health conditions using a dummy variable (1=persistent health issues) is measured as control at every wave, given the justifiable possibility that poorer general health may force the entrepreneurs to discontinue the business. The business size was

measured by a dichotomous variable based on the number of staff working in each of the waves as a business control. The inclusion of local labour market condition (measured by the local unemployment rate) and the categorisation of the industries where the businesses were positioned is a critical observation to determine whether the macro-economic impact had a role to play in entrepreneurial exits apart from the individual and household characteristics. In the model, a six category industrial affiliation from the UK Standard Industrial Classification was used as six dummy variables with extractive/manufacturing as the reference category for the industry control. In the same vein, regional dummies were included to capture broader regional disparities[1]. The inclusion of such a wide range of control variables, many of which were statistically insignificant in the presence of the key explanatory variables in the analysis, reduces the biases introduced by the omitted variables. Definitions and short descriptions of the variables used in the study are attached in Table 3.8 [Annexure 3].

3.9 The rationale for not using hypothesis testing

This research follows an exploratory route to quantitative data analysis. Even though the thesis started with the hope of testing a set of hypotheses, but after conducting the analysis, it became clear to the researcher that more could have been done if an in-depth exploratory analysis replaces the hypothesis testing approach. Such analysis provided an elaborative account of the exit event by treating exit as an event and understanding the time to make the exit decision and the exit routes self-employed individuals/business owners take when making an exit. *This is the reason hypotheses are not listed in the methods section, but the literature review offers strong theorising in relation to all three questions studied in the thesis.*

3.10 Analytical strategy

First of all, in order to provide an overview of the characteristics of self-employed individuals and business owners, a set of descriptive statistics was considered. Moreover, some longitudinal descriptive analysis was also carried out on these two groups of the

[1] Occupation category was initially thought to be included as a control. Given the categories available under the occupation group of International Labour Organization (ILO), most of which are relavent to wage employment, the self-repoting responses of the self-employed individuals become subjective when guided by their perception regarding the category they belong. As such this was not pursued further.

sample. Different sets of estimation techniques are consulted depending on the type of outcome variables (binary/continuous/multiple categories). All three sets of analysis separately deal with self-employed individuals/self-employed business owners who experienced exits. In the first set of analyses, the probability of an individual experiencing exit will be tested through random effect logit panel regression due to the binary response of the exit variable. Since the longitudinal data are clustered data, repeated observations are used for the same individual at different points in time. The impact of both time-variant and time-invariant variables can be modelled by utilising a random-intercept logistic regression model. This generalised linear formulation for the model can be written as

$$y_{it} = \begin{cases} 1 & \text{if} \quad x'_{it}\beta + \alpha_i + \varepsilon_{it} > 0 \\ 0 & \text{otherwise} \end{cases}$$

with fixed effects for the coefficients x_{it} and an individual-specific random effect ε_{it} (Rabe-Hesketh and Skrondal, 2012). The response variable y_{it} would be 1 if the person exited self-employment/self-employed business owner between subsequent waves and 0 for those who did not experience it. The model assumes that the random intercepts ϵ_i are independent and identically distributed across individuals i and are independent of the covariates x_{it}. Average marginal effects of the different covariates were estimated based on logit models for the exit scenarios.

In this research, random effect formulation has been preferred over fixed effect as it can absorb unobserved heterogeneity, thereby reducing bias induced by explanatory variables to a negligible level. Moreover, random effect models can offer detailed and better analytical ability than the fixed-effect model (Bell and Jones, 2015) due to their superior capability to deal with missing values and capture the impact of time-invariant characteristics. Longhi and Nandi (2014) argued that a random effect estimator should be preferred over fixed effect estimators if it can adequately address the research aim. This is further complemented by Reuschke (2016), who argued that a random intercept model is preferred when the research interest is to explore both the within-individual and between-individual effects, which is also supported by (Longhi and Nandi, 2014). For example, in this research gender of the entrepreneur along with educational credentials, the number of young children in the household were treated as time-invariant variables. Utilising fixed-effect models will not allow the researcher to observe these

variables' effects on the various exit dimensions. Moreover, in most social science disciplines, the random effect models are prevalent (Rabe-Hesketh and Skrondal, 2012), where the selection of a longitudinal model is a discipline-led choice.

The second set of analyses will analyse only those self-employed individuals /self-employed business owners and partners who experienced the exit. Multiple linear regression techniques will be undertaken in the second set of analyses for analysing the relationship between various resource indicators at the individual and household levels and 'duration' of self-employment business/ business ownership, the continuous dependent variable where the model assumes the data follows a pattern like this:

$$y = \beta_0 + \sum_{i=1}^{k-1} \beta_i x_i + \varepsilon$$

where

k is the number of independent variables (including the constant)

β_i is one of the k coefficients

x_i is one of the $k-1$ independent variables

ε is the error term

Each estimated coefficient βi is interpreted as the effect of a one-unit increase in the corresponding independent variable, x_i, while holding all other independent variables constant.

In the third analysis, the dependent variable 'exit conditions experienced by the self-employed/business owners' are grouped nominally into the categories of involuntary negative, voluntary positive, involuntary positive or voluntary wasted opportunity exits. As such, the most frequently used nominal regression model, the multinomial logit model (MNLM) for its capability to study polychotomous dependent variables, has been utilised to estimate the covariates of the model (Liu, 2015). Besides, MNLM results are convenient to interpret through odds measures in addition to probability measures.

The MNLM can be represented as

$\ln \Omega_{m|b}(x) = \text{In}\frac{Pr(y=m|x)}{Pr(y=b|x)} = x\beta_{m|b}$ for m=1 to J, where b is the base category.

As $\ln \Omega_{m|b}(x) = \ln 1 = 0$, it follows that $\beta_{b|b=0.}$ These J equations can be resolved to calculate the likelihoods of each outcome: $Pr(y=m|x)=\frac{\exp(x\beta_{m|b})}{\sum_{j=1}^{J}\exp(x\beta_{j|b})}$ (Long and Freese, 2014).

MNLM estimates the odds of being in a particular category with reference to the base category of a nominal variable. As the categories of the nominal responses are independent of one another, Hilbe (2009) recommended using the relative risk ratio (RRR), representing the change in the odds for a one-unit change in a predictor variable when holding other predictor variables constant. In addition to the RRR, the researcher should also calculate how changes in the independent variables affect the estimated probabilities of choices given by the model as odd ratios and probabilities need not change in the same direction (Kwak and Clayton-Matthews, 2002). For non-linear models, Long and Freese (2014) advised applying various methods of interpretation to find an elegant presentation of the results that will do justice to the complexities typically associated with the non-linear model.

3.11 The rationale for selecting the current analytical approach over survival analysis in this research

Despite UKHLS offers invaluable opportunities to model career transitions by making use of its unique features, including large samples, longer time spans and frequent data availability (annual data), it is associated with a number of limitations, including

a) limited data availability when building the evidence base for entrepreneur experience around the exit event to study exit motives, lack of information to get a gauge of the condition of the business at the time the entrepreneur making the exit and the institutional and regulatory conditions that affected the exit decision;

b) incomplete data in relation to the amount of missing data that set limits on the size of the 'working' sample.

c) absence of data in relation to the timing of business start-up for the majority of the respondents making the exercise of left censoring and mapping the entire life course of the entrepreneur up to the exit event was almost impossible.

When coding the data preparing for survival analysis, this third data limitation issues (point c above) as left censoring that is required for survival analysis resulted in a significantly smaller sample that offered an adequate number of data points (leading up to the exit event) to be used in the survival model. The reduced sample showed very different (statistically significant) properties (in relation to the respondent's demographic profile) to the original sample that was not subjected to left censoring. This created a situation where a decision has to be made in relation to the best analytical strategy to be used when studying the dichotomous exit decision (exit vs non-exit). Also, the researcher was more excited about the prospects of breaking down the main research question – what resources at both individual and household levels impacting the exit decision for those in self-employment and those in business ownership – into two sub-questions in order to offer an additional explanation to the exit in relation to the time it takes to make an exit. This is a novel contribution as the existing literature that studied exit using entrepreneur exit as a dichotomy did not explain why some self-employed individuals/business owners remain in business for so long before making an exit; despite them making no to minimal returns from entrepreneurship/self-employment. Survival analysis would not have allowed the opportunity to explore the conditions that make some individuals stay in business longer than others before they eventually experience the exit event. It was also observed that when survival analysis (which takes time into account) combined with the second analysis (the one I have undertaken to offer an explanation for the time taken to make an exit) during result interpretations, the results from the second analysis have overshadowed the results from the first analysis (survival analysis). A completed survival analysis (discrete duration model with logistic hazard) for human capital variables is attached in Table 3.9 [Annexure 4].

3.12 Conclusion

This chapter provided the justification of the methodological approach implemented in this research. The chapter started with establishing the philosophical underpinnings of the study and explained how positivism fits the research agenda to offer a resource explanation to

entrepreneurial exit dynamics and exit conditions. The chapter then critically assessed quantitative research within the present research context, followed by a discussion on the research strategy. It then reported the suitability of using secondary panel data with particular reference to UKHLS. Variables used to study research questions have then been discussed. Finally, the process of analysis is sketched guided by the methodological underpinnings established in this chapter.

Chapter Four: Analysis

4.1 Introduction

After discussing the philosophical/epistemological underpinning of the research, its design elements and methodological approaches, this chapter presents the analysis conducted using panel data from Understanding Society (USoc) waves 1-8, first to offer a picture of the sample used in the study and then to answer the three research questions stated in this thesis. The thesis uses an exploratory approach to data analysis to explain its research questions listed below (also can be found in chapter 2). This exploratory approach is essential given the primitive stage of research in the area of entrepreneurial exit, especially around the influence of households on entrepreneurs' decision to exit from the business they created. This chapter begins with reporting a set of descriptive statistics to provide an overview of the sample used in the analysis. The researcher then reported the multivariate analysis, which explored the relationship between resource commitments and the likelihood of the self-employed/business owners experiencing the exit event taking both the individual and the household perspectives. This analysis is presented in three sections. In the first set of analyses, random effect logit panel regression was estimated to explore whether resources at the disposal of the entrepreneurs can explain the probability associated with experiencing exit. In the second analysis, multiple linear regression was undertaken on the population that experienced exit to explore how resource availability and access conditions explain the duration one remains in business before making their exit decision. In the third set of analyses, multinomial logit models (MNLM) have been employed to explore different forms of exit and how these different forms can be influenced by resources possessed by the individuals and their households. All three sets of analyses were conducted for two groups: the self-employed population and the business owner's sub-population [See Figure 4-1]. Such a comparison between the two groups helps the author to see whether they share similar characteristics or whether the business owners have a unique set of attributes that make them different from the self-employed population; the existing literature uses the two terms interchangeably and do not provide clarity in relation to exit conditions for the two groups.

4.2 Overall aim, objectives and research questions

4.2.1 Overall aim

To understand if the entrepreneurial exit can better be conceptualised by ownership (or lack) of resources accumulated over the life course of the individual and their households.

4.2.2 Objectives

1. To study a group of business owners and those engaged in self-employment to determine the influence of resources on their exit decision (here resources are grouped into individual's human capital, the financial capital of the individual and members of their household and the 'time commitment' made by the individual both in relation to business activities and towards the fulfilment of household roles.

2. To study a group of business owners and those engaged in self-employment who made an exit from their business to determine the influence of resources on the business ownership/self-employment duration/tenure prior to making the exit decision (Effect of the same resources as in objective one will be considered in here)

3. To understand different forms of exit considering the combined effect of the entrepreneurial/self-employment tenure and returns from business ownership/self-employment to offer a broader conceptualisation of exit (one beyond the current dichotomous explanation of exit offered by the existing literature)

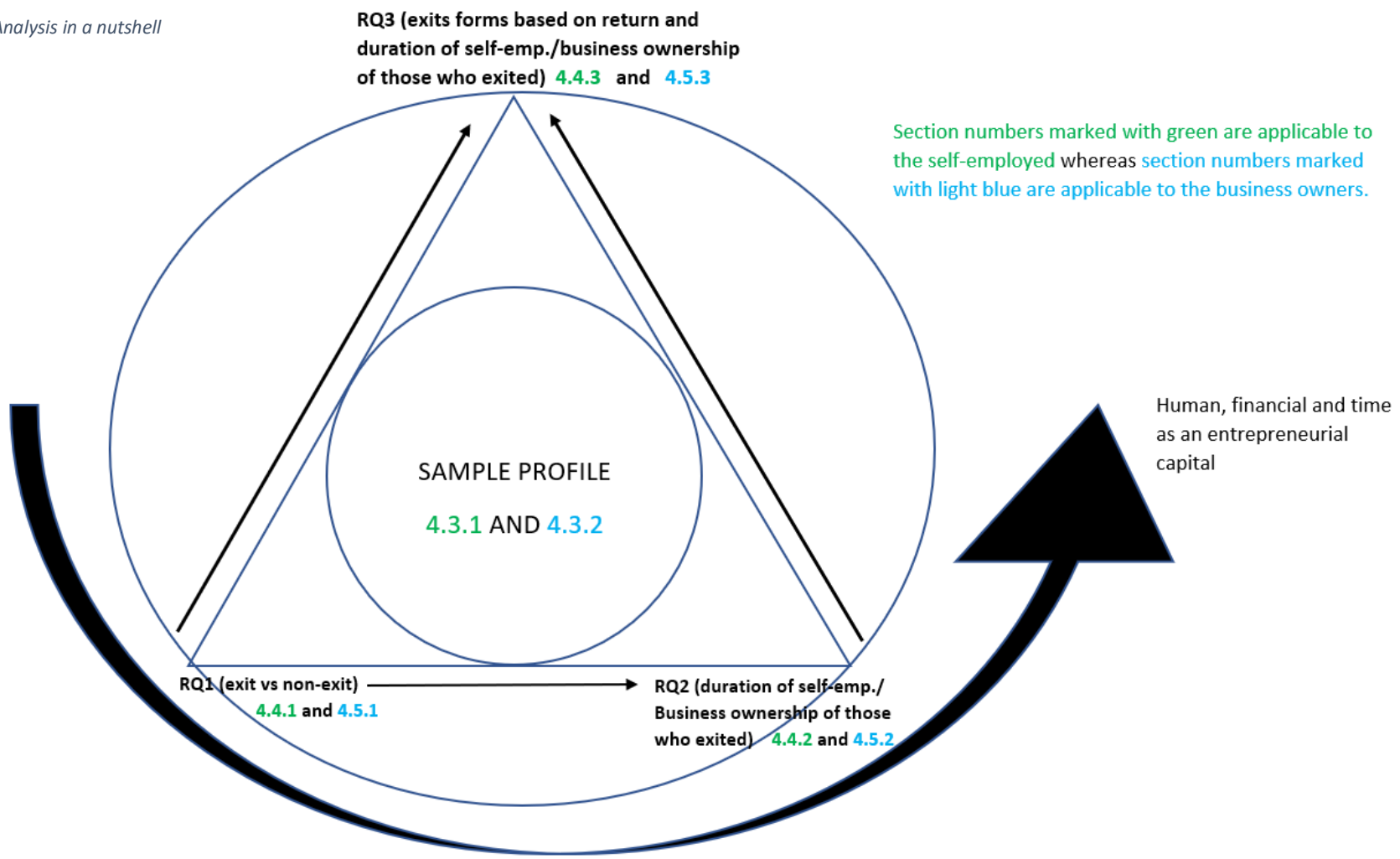
4.2.3 Research questions

1. To evaluate how business owner's/ self-employment individual's exit decision is influenced by the resources (level and type) they have processed and accumulated over their individual, business and household life courses?

2. To critically analyse how these resources affect the duration a business owner/a self-employed individual remained in business prior to them making an exit?

3. To explore prevalent forms of exit by critically appraising how resources possessed by the business owner/self-employed and their households influence the conditions for these different forms of exit?

Figure 4. 1 Analysis in a nutshell



4.3 Descriptive evidence

The descriptive analysis was carried out to explore the data before making decisions about further analysis. It helps to provide the reader with a profile of the sample used in multi-variate analysis and the conditions under which the results will be relevant. Besides, its findings will help the author to know about the nature and categories of the variables used in this study when reporting analyses (Pevalin and Karen, 2009).

4.3.1 Sample profile of the self-employed group

In Table 4-1, sample means and percentage distributions are presented first to compare exit vs non-exit groups and then between different exit conditions experienced by the self-employment individuals. The comparison between the exit vs non-exit group reveals that the self-employed individuals who made an exit were aged and reported suffering from health issues; most who experienced exit were married and male. It is interesting to observe the significant differences in the level of human capital demonstrated between the exit and the non-exit groups. What is striking is the broader variation in labour market exposure between the members in the two groups. While members in the exit group reported higher levels of work experience in the wage sector, members from the non-exit group reported self-employment experience before starting the self-employment business in this research.

Self-employed individuals who avoided exit reported higher income and a higher level of satisfaction with income from self-employment than the members from the exit group. At the household level, a lower percentage of those self-employed who made an exit (compared to those who survived) shared a household with a spouse in wage employment. A higher percentage of the membership in the group that experienced exit also reported household income levels below the poverty thresholds; 29 % of the self-employed experienced exit, compared to 20% of the non-exit group reported to be receiving below 60% of the median equivalised income in the study (below the relative poverty line). The self-employed population in the exit group reported remarkably lower levels of business commitment and higher levels of household commitment, measured in terms of the number of hours they devoted in each domain. Results presented in Table 4-1 suggest that self-employed who exited committed fewer hours to the business and more hours to housework, and the differences between the two groups

are statistically significant. Secondary breadwinners are over-represented in the exit group. The number of young children in the household is also statistically higher for the exit group, demonstrating significant differences between the forms and the commitment for childcare between the two groups. A cursory glance at Table 4-1 reveals that a higher representation of the membership in the non-exit group is taken by sample members who were running a relatively larger business when business size is measured in terms of the number of employees. It can also be seen that the surviving self-employed population in the study sample made a higher representation in specific industries (e.g. construction, extractive/manufacturing, distributive, hotels, restaurants) than others.

A further analysis was undertaken after disaggregating the data to study different forms of exit conditions taking into account the business duration and the level of drawings from the business. The self-employed population from the four groups was then compared at the descriptive level to highlight any significant differences between groups in relation to the main characteristics (explanatory resource variables and control variables in the regression models reported later in the chapter) that the researcher explored as potential determinants of exit. The results presented in Table 4-1 (see the last five columns in Table 4-1) suggest heterogeneous profiles for the four groups, where membership in each group explains a different set of resource patterns responsible for exit compared to others. For example, membership of the two voluntary exit groups (namely voluntary positive exit and voluntary wasted opportunity exit) is dominated by self-employed males with only around 30% representation from the female self-employment. In both of these voluntary exit groups in comparison to the involuntary group, a significantly higher proportion of the self-employed are educated to a degree or higher level, work relatively longer hours in business, shorter hours in housework and made significantly higher drawings from self-employment prior to them making an exit. In addition, it can be seen from the data that those self-employed living below the relative household poverty line have a very meagre representation in voluntary exit groups. Self-employed who experienced involuntary negative exit, in comparison to other forms of exits, run home-based businesses and maintained secondary breadwinner status with the spouse often in wage employment providing complimentary income to the household.

Table 4. 1 Sample profile of the self-employed individuals

Variable	Self-employment -All sample				Self-employment -Exit only				
	Category	Non-Exit	Exit	Chi-square/ t-test/ ANOVA	Involuntary negative exit	Voluntary positive exit	Involuntary positive exit	Voluntary wasted opportunity exit	Chi-square/ t-test/ ANOVA
Gender	Male Female %	69.89 30.11	65.50 34.50	p<0.001	60.95 39.05	75.08 24.92	59.70 40.30	68.83 31.17	p<0.001
Marital status	Married Single %	68.49 31.51	63.77 36.23	p<0.001	69.88 30.12	68.20 31.80	54.29 45.71	59.73 40.27	p<0.001
Had health complications	%	23.32	29.67	p<0.001	35.37	27.79	25.97	26.84	p<0.05
Age	Mean (sd)	45.58 (11.31)	47.41 (9.91)	p<0.001	49.59	47.02	41.26	42.08	p<0.001
Highest educational qualification	Degree and above %	41.41	46.79	p<0.001	39.82	59.76	36.11	56.64	p<0.001
	secondary education %	42.61	39.02		41.63	33.03	43.83	35.84	
	below secondary/no formal qualification %	15.98	14.19		18.55	7.21	20.06	7.52	
Previous labour market experience	No experience % Self-employment % Work experience %	1.01 90.36 8.63	32.25 18.97 48.77	p<0.001	46.62 24.66 28.72	15.70 13.45 70.85	45.09 21.88 33.04	9.80 11.76 78.43	p<0.001
Received training at previous wave	%	18.75	21.95	P<0.01	18.04	29.17	17.33	26.26	p<0.01
Has employees in business	%	54.47	10.28	N.S.	9.93	18.92	4.48	6.93	p<0.001
Tenure in self-employment	years				12.72	11.20	1.90	1.98	p<0.001
Earnings from self-employment	Mean GBP	1484.61	1232.51	p<0.001	1111.01	1684.53	860.753	1390.46	
Satisfaction with income	mean	4.501	4.265	p<0.001	4.062	4.622	3.912	4.608	p<0.001
In poverty	%	20	29	p<0.001	44.02	6.93	43.88	7.79	p<0.001
Secondary breadwinner	%	69	77	p<0.001	88.89	56.02	90.72	67.10	p<0.001
Property value	Mean GBP	286279	287168	N.S.	229785	379046	160765	448478	p<0.001
Spouse in employment	%	77.30	36.21	p<0.001	47.40	38.74	24.18	28.57	p<0.001
Home-based business	%	31.84	32.43	N.S.	39.46	26.97	33.83	24.78	p<0.001
Youngest child <4	mean	0.196	0.241	p<0.05	.171	.259	.299	0.264	p<0.001
No children or no childcare	%	94.03	95.75	p<0.10	96.88	96.04	96.13	92.75	p<0.05
Taking the main responsibility in childcare		3.44	2.17		1.82	2.16	2.11	2.90	

Variable	Self-employment -All sample				Self-employment -Exit only				
	Category	Non-Exit	Exit	Chi-square/ t-test/ ANOVA	Involuntary negative exit	Voluntary positive exit	Involuntary positive exit	Voluntary wasted opportunity exit	Chi-square/ t-test/ ANOVA
Sharing the childcare responsibility with partner/external		1.90	1.47		0.78	1.08	0.70	4.35	
Paying for childcare	%	0.62	0.61		0.52	0.72	1.06	0.00	
Time spent on housework	hours	8.153	9.404	p<0.001	10.72	7.397	9.897	6.801	p<0.001
Time spent on business	hours	39.23	34.64	p<0.001	32.40	38.69	33.05	35.21	p<0.001
SE Type	Business owners %	39.57	31.96	p<0.001	34.62	45.15	19.22	31.96	p<0.001
	Working for self %	42.02	40.36		43.05	30.61	50.75	40.36	
	Sub-contract & freelance %	18.41	27.68		22.32	24.24	30.03	27.68	
Standard Industrial Classification -									
extractive/manufacturing	%	14.09	6.48	p<0.001	3.85	7.67	3.94	13.48	p<0.001
Construction		19.84	6.56		3.63	11.96	3.33	9.13	
Distributive, hotels, restaurants		14.85	10.78		7.26	10.43	13.33	14.35	
Transport and communications		12.92	6.25		4.54	8.28	4.85	8.70	
Banking, finance, insurance		2.10	1.81		0.23	4.60	1.52	1.30	
Other services		36.20	68.12		80.50	57.06	73.03	53.04	

N.S. – not significant

4.3.2 Sample profile of the business owners' group

In Table 4-2, for the members of the business owners' sub-group, sample means and percentage distribution are presented to compare exit vs non-exit group first and then between different forms of exit. This comparison demonstrates that business owners who experienced exits were younger with moderate educational credentials compared to those who did not experience the exit. Moreover, business owners who were married and male comprised the majority of the membership in the exit group compared to those who survived. It is noteworthy to observe that the profile in relation to labour market experience acquired through working for themselves (self-employment) compared to taking wage employment is more robust among the non-exit group prior to starting their own business. In addition, compared to the business owners who experienced exit, members from the non-exit group had a significantly higher association with larger size organisations and formed a higher representation in the group that received training a year prior to making the exit.

Higher income and a higher level of satisfaction with income from the business were reported by business owners from the surviving population. With a spouse in wage employment providing household contribution, business owners represented a lower percentage of those who made an exit than those who survived. A higher percentage of the membership in the exit group also reported household income levels below the poverty thresholds; approximately 19% of the business owners experienced exit, compared to 14% of the non-exit group. Table 4-2 also suggests that business owners from the exit group reported remarkably lower levels of business commitment measured in terms of the number of hours they spend on business-related activities.

Contrary to expectation, the author found that even though not statistically significant, the business owners who experienced an exit committed fewer hours to housework roles compared to those who persisted in business. Compared to the exit group, secondary breadwinners are over-represented in the non-exit business owner groups. The difference between the mean value for the number of young children between the two exit groups was not statistically significant even though significant differences were present between the forms and commitment of childcare within the household between the two groups ($p<0.05$). A cursory

glance at Table 4-2 reveals that the business owners exit rate from the construction industry exit is significantly higher (more than two times) than those who persist in the same industry.

A further analysis was conducted after disaggregating the data to study different forms of exit made by business owners based on the criteria mentioned earlier. The business owner's sub-population from the four groups were then compared at the descriptive level to highlight any significant differences between groups in relation to the main characteristics (explanatory resource variables and control variables in regression models reported later in the chapter). The results presented in Table 4-2 (see the last five columns in Table 4-2) indicates heterogeneous profiles for the four groups, where membership in each group explains a different set of resource patterns responsible for exit compared to others. For example, the membership of the voluntary exit groups (namely voluntary positive exit and voluntary wasted opportunity exit) was dominated by male business owners, with less than 30% were female business owners. Moreover, the percentages in the table reveal that the female business owners' relative proportion is significantly higher in both involuntary exit groups (namely involuntary negative exit and involuntary positive exit). It can also be seen that, except for involuntary negative exits, in all other exit groups, more than 85% of business owners have at least secondary and higher qualification, indicating that most of the business owners' minimum qualification is up to the secondary and above levels. Commitment to the business indicated by time spent in business for both voluntary exit groups is significantly higher than the involuntary groups. Moreover, these voluntary businesses are characterised by a lower commitment to household works. It can also be seen from the data that those business owners who experienced voluntary exit groups were associated with higher household wealth and had a low representation by those who lived in the poverty household. Members from the voluntary wasted opportunity group had the lowest representation of household with the spouse in employment when compared to other groups. Incidentally, in comparison to other groups, this group also has the lowest representation of home-based businesses. It can be further seen that two involuntary exit groups were overrepresented by business owners maintaining secondary breadwinner status in the household.

Table 4. 2 Sample profile of the business owners

Variable	Business Owners -All sample				Business Owners -Exit only				
	Category	Non-Exit	Exit	Chi-square/ t-test/ ANOVA	Involuntary negative exit	Voluntary positive exit	Involuntary positive exit	Voluntary wasted opportunity exit	Chi-square/ t-test/ ANOVA
Gender	Male %	64.77	67.19	N.S.	64.81	70.91	60.32	70.63	N.S.
	Female %	35.23	32.81		35.19	29.09	39.68	29.37	
Marital status	Married %	75.45	70.48	p<0.05	76.47	73.63	66.13	62.40	p<0.05
	Single %	24.55	29.52		23.53	26.37	33.87	37.60	
Had health complications	%	25.24	23.53	N.S.	20.50	25.91	22.22	17.46	N.S.
Age	Mean (sd)	48.43 (9.00)	46.96 (10.28)	p<0.001	48.46	49.35	42.73	45.10	p<0.001
Highest educational qualification	Degree and above %	52.20	43.06	p<0.001	31.68	43.18	41.13	59.84	p<0.001
	secondary education %	35.68	41.15		42.86	42.27	47.58	30.33	
	below secondary/no formal qualification %	12.12	15.79		25.47	14.55	11.29	9.84	
Previous labour market experience	No experience %	0.79	8.36	p<0.001	9.26	10.91	6.35	4.76	N.S.
	Self-employment %	91.39	83.44		85.19	81.36	82.54	85.71	
	Work experience %	7.82	8.20		5.56	7.73	11.11 |	9.52	
Received training at previous wave	%	25.31	15.93	p<0.001	16.05	15.45	13.49	19.05	N.S.
Has employees in business	%	68.11	13.09	P<0.001	12.35	17.73	8.73	10.32	p<0.10
Tenure in self-employment	years				13.80	14.42	2.05	2.15	p<0.001
Earnings from self-employment	Mean GBP	1891.02	1308.98	p<0.001	536.22	1800.18	532.47	2221.36	p<0.001
Satisfaction with income	mean	4.703	4.588	P<0.10	4.28	4.96	4.24	4.70	p<0.001
In poverty	%	13.79	18.96	p<0.01	35.19	3.18	36.51	8.00	p<0.001
Secondary breadwinner	%	67.75	66.99	p>0.01	73.33	48.40	89.43	69.84	p<0.001
Property value	Mean GBP	464572.5	340444.7	p<0.05	257789.47	422558.01	219000	416365.59	p<0.001
Spouse in employment	%	84.49	41.01	p<0.001	49.38	49.55	30.16	26.19	p<0.001
Home-based business	%	31.41	36.02	p<0.05	37.65	38.18	36.00	30.16	p<0.001
Youngest child <4	mean	0.18	0.19	N.S.	.129	.195	.246	.2	p<0.01
No children or no childcare	%	95.07	94.79	p<0.05	93.83	96.82	90.48	96.83	p<0.10
Taking the main responsibility in childcare		2.55	2.84		3.70	2.27	4.76	0.79	

Variable	Business Owners -All sample				Business Owners -Exit only				
	Category	Non-Exit	Exit	Chi-square/ t-test/ ANOVA	Involuntary negative exit	Voluntary positive exit	Involuntary positive exit	Voluntary wasted opportunity exit	Chi-square/ t-test/ ANOVA
Sharing the childcare responsibility with partner/external		1.87	0.95		1.85	0.00	0.79	1.59	
Paying for childcare	%	0.50	1.42		0.62	0.91	3.97	0.79	
Time spent on housework	hours	8.33	7.869	N.S.	8.453	7.514	7.9252	7.617	p<0.001
Time spent on business	hours	44.05	38.94	p<0.001	37.228	40.75	37.84	39.08	p<0.001
Standard Industrial Classification -									
extractive/manufacturing	%	17.85	16.91	p<0.001	22.5	17.89	8.87	16.00	p<0.001
Construction		7.31	16.75		16.25	16.97	19.35	14.40	
Distributive, hotels, restaurants		22.16	20.41		25.62	14.22	26.61	18.40	
Transport and communications		4.71	7.02		4.38	6.42	8.06	10.40	
Banking, finance, insurance		3.33	2.39		0.00	3.67	2.42	3.20	
Other services		44.64	36.52		31.25	40.83	34.68	37.60	

N.S. – not significant

Overall the descriptive statistics provided above demonstrated that

(a) for both self-employed individuals and business owners, there remain apparent differences in the parameters measured at the individual, business and household levels between the membership in the exit group and the non-exit group;

(b) there are apparent differences as well as similarities shared between the two groups, self-employed individuals who made an exit and business owners population made an exit; and

(c) significant differences in the profiles of both self-employed individuals and business owners' groups based on the form of exit they experienced.

Given such differences at the descriptive level, it is vital to undertake multivariate analysis to study the relationship between resource commitments and the likelihood of experiencing the exit event for business owners and self-employed populations separately. This analysis is presented in the remaining part of this chapter.

4.4 Section 1: Entrepreneurial exit as it relates to self-employed individuals

4.4.1 Analysis 1: Longitudinal Panel regression on the dichotomous exit variable: Self-employed sample

4.4.1.1 Analytical Strategy

The first set of analysis (Analysis 1) utilised the binary dependent variable of exit vs no-exit to study if and to what extent resources at the individual and household level can explain entrepreneurial exit after controlling for individual, business and macro-level demographical characteristics. In the first analysis, due to the binary response variable, random effect panel logit regression was employed to test how the probability of an individual making an exit is influenced by the level and type of resources accumulated over the individual, business and household life courses. The estimation sample uses observations from wave 1 to 8 of Understanding Society (USoc). Self-employed individuals selected as a sample were aged between 16 and 64 during the observation period. A series of logit models have been carefully selected to study specific effects without running into the danger of incorporating highly correlated variables in the same model, thus causing multicollinearity concerns. The data is presented in three Tables – Table 4-3 – Human capital indicators, Table 4-4– Financial capital

indicators and Table 4-5 – Time as an entrepreneurial capital indicator. The modelling strategy implemented in this analysis 1 is as follows: In the first model (Model 1, Table 4-3), an array of theoretically and empirically relevant control variables that may confound or otherwise explain the relationship between the individual, business and household conditions and entrepreneurial exit are included as baseline criteria for the entrepreneurial exit. A number of human capital indicators (both fixed and accumulated) were then incorporated into the baseline control only model to study the effect of human capital on entrepreneur exit – see Model 2, Table 4-3. In Tables 4-3 to 4-5, for each model, the coefficients of the logistic panel regression in column 1 tell the author only the log odds and, as such, have no direct quantitative interpretation. Thus, the calculated average marginal effects (AME) for different models presented in column 2 demonstrate the change in the covariate on the cell probabilities. In Model 3, the contribution of various financial capital indicators at both individual and household levels were studied in relation to entrepreneurial exits. In the final Model 4, the explanatory power of various indicators of the availability of time (at the individual level) and the time commitments at the household level were explored. In the research, the researcher treats time as an essential entrepreneurial capital, and as entrepreneurs are embedded within their households (Alsos, Carter and Ljunggren, 2014a), (limited) household commitments form an essential entrepreneurial resource. The covariates under different models were introduced in blocks across the analysis to avoid slicing the data too thin and possible multicollinearity issues. A scalar measure of fit, information criteria such as the Bayesian information criterion (BIC) and Akaike's information criterion (AIC), has been used to select among competing models (Long and Freese, 2014). Both the BIC and AIC statistics for different models are observed to be smaller than the control only model, providing positive support (Raftery, 1995) and justification for using those models in data interpretations (Long and Freese, 2014). Stata 16.0 was utilised to perform data management and the complete set of the analysis presented in this chapter.

4.4.1.2 Control only predictors

The base model ('model 1') consists of all the control variables. Model 1 in Table 4-3 shows that the estimated AME coefficients for all control variables are mainly in the expected direction. Self-employed who were single had 7.6 percentage points higher likelihood of facing the exit compared to those self-employed in married partnerships. It can also be seen that the

probability of a self-employed facing an exit is positively associated with deteriorating health conditions (2.3 percentage points, $p<0.10$), which is a testament to the common belief that healthy people can only fulfil the additional stresses and physical demands of long hours associated with entrepreneurial endeavours. Self-employed associated with large scale ventures, measured by the number of staff, showed a higher possibility of experiencing exit. More specifically, the recruitment of one additional staff member would significantly increase the likelihood of facing the exit event by 46.8 percentage points. A negative association between the local unemployment rate and the probability of experiencing exit can also be observed in the data (1.3 percentage points, $p<0.05$). Closer inspection of the data in model 1 reveals that the industry in which the self-employed individuals were serving influences the exit decision significantly. More specifically, those in service-related sectors (including transport and communication) have a higher probability of making an exit compare to those self-employed operating their business in the manufacturing sector.

4.4.1.3 Human capital predictors

In model 2 (Table 4-3), indicators of human capital (both fixed and accumulated) were included to study their impact net of control variables. The estimated coefficient for educational credentials, a fixed indicator of human capital, indicates that in reference to self-employed with a degree and above qualification, self-employed with secondary and no formal education have a strong positive and significant association with exit, indicating self-employed with a lower level of educational credentials have higher probabilities of experiencing the exit event. The marginal effect reveals that those self-employed educated to a moderate level (secondary school completion) were more likely to experience exit. The probability of exit for this group is 5.4 percentage points higher compared to those educated to a degree level. Moreover, compared to those possessing university-level qualifications (degree and above), self-employed without any formal qualification reported 8.3 percentage points higher probability of experiencing exit from their business.

With previous exposure to the labour market, self-employed could significantly lessen their exit risks and the possibility of exit compared to those entering self-employment following an episode of unemployment. AME values presented in model 2 indicate that having previous experience in self-employment or wage employment could significantly reduce the possibility

of making an exit by 68 and 21 percentage points, respectively, when compared to those self-employed individuals who join their self-employed tenure following a spell of economic inactivity. Skills acquired through training over the period of business, another dimension of human capital, boost survival in self-employment and avoid exit, though this negative association was not statistically significant. The coefficient of age, representing the only measure of accumulated human capital, by contrast,indicated a negative association with entrepreneurial exit. This finding emphasises the importance of modelling the fixed indicators of human capital separate from the indicators measured by accumulating the progressive measures over the individual's life course in relation to their exit decision. As a measure for accumulated human capital, the coefficient for age indicates that life experience that comes with age helps the self-employed avoid exit and survive in business. Every additional year of life experience expressed as logged age significantly reduces the probability of exit by 7.8 percentage points.

Table 4. 3 Exit of the self-employed individual from the business: longitudinal logit regression estimates and average marginal effects for control variables (Model 1) and for human capital (HC) variables (Model 2)

		Model 1 (Control only)		Model 2 (HC-individual level)	
	Predictors	log odds[1]	Average marginal effects, AME[2]	log odds[1]	Average marginal effects, AME[2]
Control variables	Marital status (ref: Married)				
	Single	2.069*** (0.409)	0.076*** (0.019)	1.568*** (0.432)	0.064*** (0.0174)
	Health issue (ref. No)				
	Yes	0.583* (0.308)	0.023* (0.012)	0.818** (0.386)	0.032** (0.016)
	Sex (ref. Male)				
	Female	0.738* (0.413)	0.029* (0 .017)	0.086 (0.412)	0.003 (0.016)
	Business size (ref: one to two)				
	Greater than two	9.766*** (1.020)	0.468*** (0.019)	5.933*** (0.748)	0.236*** (0.020)
	Regional unemployment rate	-0.339*** (0.100)	-0.013*** (0.004)	-0.136 (0.116)	-0.005 (0.004)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	0.191 (1.317)	0.008 (0.055)	0.742 (0.889)	0.027 (0.032)
	Distributive hotel restaurant	-0.795 (0.930)	-0.035 (0.041)	0.392 (0.743)	0.014 (0.026)
	Transport and communication	4.144** (1.237)	0.190*** (0.053)	2.746*** (0.997)	0.106*** (0.040)
	Banking, finance and insurance	1.767 (2.202)	0.072 (0.093)	1.093 (1.302)	0.040 (0.049)
	Other services	6.286*** (1.084)	0.292*** (0.035)	4.235*** (0.711)	0.173*** (0 .025)
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
Individual	Fixed HC				
	Qualification (ref: degree and above)				
	Secondary			1.373*** (0.457)	0.054*** (0.017)
	No formal education			2.069*** (0.648)	0.083*** (0.025)
	Previous labour market exposure(ref. no)				
	Self-employment experience			-12.170*** (1.268)	-0.681*** (0.034)
	Work experience			-4.346*** (0.954)	-0.207*** (0.033)
	Training received since last interview ref: no				
	Yes			-0.385 (0.394)	-0.015 (0.015)
	Accumulated HC				
	Age (ln)			-1.990** (0.915)	-0.078** (0.035)
	Constant	-8.384*** (1.473)		7.986** (3.946)	
	/lnsig2u	3.681		2.841	
	sigma_u	6.302		4.139	
	Wald chi2	157.38***		158.22***	
	Log pseudolikelihood	-1301.64		-594.87	
	Observations	3490		2551	

[1]Figures in parentheses are standard errors. Age[2] though initially considered, eventually excluded due to multicollinearity issues. *, **, *** Significance at 10, 5 and 1 percent level.
[2] Computed from estimates reported in column 1 (log odds). [3] For human capital, only fixed and accumulated human capital variables at the individual level have been considered.
Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16

4.4.1.4 Financial Capital Predictors

Table 4-4 illustrates the effects of fixed and accumulated financial capital indicators measured at the individual (Model 3a) and household levels (Model 3b) to assess the economic impact on entrepreneurial exit. Self-employed individuals' probability of exit decreases with higher level of earnings accumulated progressively over the life course of the self-employment tenure and their positive perception of satisfaction with the earnings from this employment status. Closer inspection of the table shows that AME values in Model 3a provide statistical evidence to suggest these individual-level financial capital indicators significantly influence entrepreneurial exits. More specifically, if earnings from self-employment over the life course increases by one logged unit, the likelihood of exit significantly decreases by 5.3 percentage points ($p<0.001$). The likelihood of exit reduces by 1.7 percentage points ($p<0.001$) if the self-employed reported level of satisfaction with earnings goes up by one unit. The second half of Table 4-4 shows the log odds and AME for the financial capital indicators from a household perspective. In this model 3(b), what stands out is the significant negative effect of exit imposed by the value of the property, used as a proxy for household wealth. The likelihood of facing exit from self-employed reduces by 5.7 percentage points if the household wealth increases by one logged unit. Thus, domestic capabilities demonstrated through ownership of a valuable property, which can often act as a liquid asset for the self-employed have a positive effect on survival prospects as ownership of property with rising prices can provide financial security to the self-employed at a time of crisis.

Contrary to expectation, the positive significant coefficient for the secondary breadwinner status in the household making an exit from their self-employment work suggests that entrepreneurial exit is more likely to happen when the self-employment income is being supplemented by the spouse/partner's income from the household. In comparison to the primary breadwinner, the likelihood of a secondary breadwinner experiencing an exit is 11.1 percentage points higher. Moreover, self-employed living in a poverty household had a significantly higher association (5.6 percentage points, $p<0.001$) with exit than those not in poverty. Thus, self-employed individuals living in a poverty household might lack vital resources that restricted their possibilities to carry out the core activities necessary to survive over their life course. Thus, they might exit to explore other labour market opportunities to help them come out of poverty. Closer inspection of data in Table 4-4 also suggests that self-

employed with the spouse in employment have 8.2 percentage points significantly lower possibility of facing exit than those with unemployed spouses. As such, receiving a contribution from the household might increase these self-employed individuals' chances of survival over the business life course.

Table 4. 4 Exit of the self-employed individual from the business: longitudinal logit regression estimates and average marginal effects for financial capital (FC) variables (Model 3a and model 3b)

		Model 3a (FC- individual level)		Model 3b (FC- household level)	
	Predictors	log odds[1]	Average marginal effects, AME[2]	log odds[1]	Average marginal effects, AME[2]
Control variables	Marital status (ref: Married)				
	Single	1.790*** (0.398)	0.086*** (0.019)	1.584** (0.774)	0.089** (0.043)
	Health issue (ref. No)				
	Yes	0.327 (0.327)	0.016 (0.016)	0.716* (0.419)	0.040* (0.024)
	Sex (ref. Male)				
	Female	0.668 (0.409)	0.032 (0.020)	0.444 (0.525)	0.025 (0.029)
	Business size (ref: one to two)				
	Greater than two	8.866*** (0.855)	0.442*** (0.020)	6.849*** (0.896)	0.393*** (0.027)
	Regional unemployment rate	-0.378*** (0.100)	-0.018*** (0.004)	-0.242* (0.133)	-0.013* (0 .007)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	0.174 (1.019)	0.008 (0.050)	0.175 (1.084)	0.009 (0.056)
	Distributive hotel restaurant	-1.007 (0.774)	-0.047** (0.037)	-0.057 (0.871)	-0.003 (0.044)
	Transport and communication	2.777** (1.087)	0.141 (0.055)	6.109*** (1.375)	0.379*** (0.075)
	Banking, finance and insurance	1.756 (1.465)	0.088 (0.075)	1.355 (1.612)	0.074 (0.092)
	Other services	5.207*** (0.779)	0.270 (0.034)	5.174*** (0.911)	0.319*** (0.041)
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
Individual	Accumulated FC				
	Earnings from self-employment (ln)	-1.117*** (0.136)	-0.053*** (0.006)		
	Satisfied with income	-0.345*** (0.086)	-0.017*** (0.004)		
Household	Fixed FC				
	Property Value (ln)			-10.028*** (0.306)	-0.057*** (0.017)
	Accumulated FC				
	Breadwinner[a] (ref. Primary)				
	Secondary			1.950*** (0.426)	0.111*** (0.025)
	In poverty			0.998* (0.546)	0.056*** (0.031)
	Spouse job status (ref. unemployed)				
	Employed			-1.473*** (0.511)	-0.082*** (0.028)
	Constant	1.906 (1.535)		5.011 (4.118)	
	/lnsig2u	3.367		2.896	
	sigma_u	5.386		4.255	
	Wald chi2	188.11***		104.58***	
	Log pseudolikelihood	-1039.471		-465.842	
	Observations	2950		1355	

[1]Figures in parentheses are standard errors. *, **, *** Significance at 10, 5 and 1 percent level.
[2] Computed from estimates reported in column 1 (log odds)
[a] Primary breadwinner includes solo breadwinner.
Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16

4.4.1.5 Time as an entrepreneurial capital predictor

For the self-employed, time as an entrepreneurial capital can play a pivotal role in their decision to either persist or exit their self-employment career. There are two elements to this. First, the availability of time, for example, fewer work hours, limited travel, working from home arrangements, can be a valuable resource for the entrepreneur as this enables them to spend time on family-related roles and responsibilities, networks for social capital or follow a hobby in their leisure time. Second, often entrepreneurs have household roles (due to children, childcare, performing household chores), and as a result, their work capacity rests on the time commitment expected from the household. Table 4-5 presents Model 4, where these time-related variables associated with exit were tested along with the key control variables. As the number of hours an entrepreneur puts into the entrepreneurial endeavour(s) can change every year, depending on the circumstances both within and beyond the control of the entrepreneurs, the effect of time dedicated towards the business is treated as a time-variant cumulative indictor. In line with the expectation, it was observed that the higher the time devoted to business, the less the probability of self-employed exiting from a business. For each additional hour per week spent in business, the probability of experiencing the exit event is reduced significantly by 15.2 percentage points. This suggests that the survival prospects of the self-employed are increased if presented with more time to spend on the business and dealing with day-to-day business activities. The average marginal effect of work location, measured in terms of whether they use the home as their work location (in relation to using a designated premise to operate their self-employment business), indicates a significantly higher probability of experiencing exit. Home-based self-employed individuals' possibility of making an exit is 7.6 percentage points higher than those self-employed whose business premises are away from home. This finding runs counter to the prevailing view which suggests that when self-employed individuals are presented with more time, they can avoid the risk of exit. As home-based self-employment helps avoid travelling to work, it is possible to expect that when operating from home, self-employed can devote more time to their work and therefore persist in their self-employment work role (rather than making an exit due to high workload pressures). The finding that goes contrary to this common expectation is interesting as this highlights the need to study why self-employed individuals chose to use the home as their work base. If this choice is influenced by the household work roles, it is quite apparent that the time demands from the household outweigh the time demands from the self-employment jobs. Therefore, the

importance of understanding the household level influences to entrepreneurial exit, which the author has undertaken in this chapter and presented next.

From the household perspective, presented in model 4b (Table 4-5), the presence of young children in the household positively associate with an exit suggesting the prospects of self-employed spending a substantial time looking after the young children. This time commitment agrees to second explanation for the importance of time as a resource as time commitment towards fulfilling household roles is essential to ensure entrepreneurs can receive the work-life balance as explained in the labour market and employment transition literature. Even though the average marginal effect representing the relationship between the number of children under 4 in the households and the exit probability was found to be in the direction that supports the common understanding stated above, the relationship was not statistically significant.

When time commitment (an accumulated measure of work hours over the life course of the business) is operationalised as a critical entrepreneurial capital, the number of hours spend in housework (measured weekly) was observed to have a positive association with exit. More specifically, the commitment of an additional hour in the household roles would significantly increase the possibility of the self-employed individual making an exit by 1.4 percentage points. Contrary to expectation, none of the categories of childcare variables were observed to affect entrepreneurial exit significantly. As such, time commitment related to childcare responsibility (as a self-reported measure) at the household level does not influence the disengagement decision taken by the self-employed individuals.

Table 4. 5 Exit of the self-employed individual from the business: longitudinal logit regression estimates and average marginal effects for time as an entrepreneurial capital (time) variable (Model 4a and model 4b)

		Model 4a (time-Individual level)		Model 4b- (time-household level)	
	Predictors	log odds[1]	Average marginal effects, AME[2]	log odds[1]	Average marginal effects, AME[2]
Control variables	Marital status (ref: Married)				
	Single	1.882*** (0.348)	0.0968*** (0.018)	2.276*** (0.494)	0.077*** (0.020)
	Health issue (ref. No)				
	Yes	0.293 (0.284)	0.0151 (0.015)	0.703** (0.348)	0.025** (0.013)
	Sex (ref. Male)				
	Female	0.727* (0.377)	-0.037* (0.019)	0.632 (0.491)	0.023 (0 .018)
	Business size (ref: one to two)				
	Greater than two	7.780*** (0.647)	0.429*** (0.019)	10.686*** (0.834)	0.469*** (0.019)
	Regional unemployment rate	-0.235*** (0.085)	-0.012*** (0.004)	-0.441*** (0.109)	-0.016 (0 .004)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	.0367 (0.776)	0.020 (0.0425)	0.465 (1.436)	0.019 (0.058)
	Distributive hotel restaurant	-0.708 (0622)	-0.038 (0.033)	-0.524 (1.003)	-0.022 (0.042)
	Transport and communication	2.868*** (0.853)	0.160*** (0.0469)	5.813*** (1.335)	0.250*** (0.055)
	Banking, finance and insurance	1.329 (1.170)	0.073 (0.065)	2.916 (2.546)	0.112 (0.104)
	Other services	4.311*** (0.617)	0.243*** (0.0299)	7.370*** (1.071)	0.315 (0.037)
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
	Accumulated time				
	Weekly Hours in business (ln)	-2.951*** (0.322)	-0.152*** (0.0143)		
	Business location (ref. away from home) Home	1.477*** (0.344)	0.076*** (0.0175)		
Household Individual	Fixed time				
	Total number of young children (age<4)			0.570* (0.346)	0.021 (0.013)
	Accumulated time				
	Weekly hours in housework			0.389* (0.214)	0.014* (0.008)
	Childcare (ref. no children/ no childcare responsibility at the HH)				
	-Childcare is outsourced			-0.519 1.348	-0.020 (0.052)
	-Partner			-0.650 1.156	-0.023 (0.045)
	-limit work due to childcare			-0.236 0.979	-0.009 (0.037)
	Constant	3.731** (1.459)		-10.303 (1.452)	
	/lnsig2u	3.154		3.872	
	sigma_u	4.840		6.931	
	Wald chi2	213.62***		271.18***	
	Log pseudolikelihood	-1213.916		-1062.584	
	Observations	3443		2842	

[1]Figures in parentheses are standard errors. Age[2] though initially considered, eventually excluded due to multicollinearity issues.

*, **, *** Significance at 10, 5 and 1 percent level.

[2] Computed from estimates reported in column 1 (log odds). Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16

4.4.2 Analysis 2: Multiple regression results for the resource-self-employed individuals' duration relationship

After creating the dichotomous exit variable for the exit vs non-exit group, a continuous dependent variable, 'duration', measured in years, was calculated for only those self-employed who experienced the exit across different waves. From the literature, it can be seen that entrepreneurs can experience exit for a plethora of reasons. It can also be seen that some self-employed stay in the business without having long term expectations and achieving positive returns. This trend is often observed with female self-employed individuals who, due to family commitments, use the autonomy offered through business/self-employment to enjoy the freedom without considering the financial returns from the business. They opt to remain in business for as long as it permits before eventually making an exit. Even though such self-employment prospects could be regarded as positive outcomes for the self-employed individual, it offers no benefits to the economy. In this sense, positive exit can be referred to as those exits where the self-employed decide to disengage quickly after finding out the business is not bringing any economic benefit to them. Rather than continuing, they quickly disengaged from the business that was not working as a beacon of a prospect. In order to identify whether the self-employed who made early exits have different strategies or resources compared to those who stayed in business for longer and then subsequently making an exit, the duration of the business has been used as a dependent variable in this analysis. Here the intention is not to study the relationship between duration and exit but to understand the type and level of resources that influence some business owners/self-employed to remain in business for longer than others before they are eventually making an exit.

Duration, measured in years (T_n-T_1), indicates the length of time in years the self-employed individuals have been attached to the business they exited from at T_n; T_1 is the year they started the current business/self-employment spell. The author has conducted multiple linear regression due to the continuous data presented in the dependent variable of duration in analysis 2.

4.4.2.1 Regression diagnostics:

The results of the correlational analysis are set out in Table 4-6. According to the correlation matrix, all four human capital indicators at the individual level were significantly correlated

with the time taken to make an exit from self-employment. Data from Table 4-6 also suggests that correlations between all except two financial capital variables at both individual and household level and time taken by self-employed to make an exit were significant at $p < 0.05$ level. For the time as an entrepreneurial capital, all predictors except work location and hours in housework at individual and household levels were significantly correlated with self-employment duration. Even though correlation matrices are consulted as a disclosure, it has a limited ability to identify multicollinearity, the presence of too strong a relationship among the predictor variables (Hamilton, 2012). As such, the author further investigated whether the presence of multicollinearity between predictor variables affecting the results by computing variance inflation factors (VIFs). The maximum VIF obtained in any of the models was 2.27, and the mean VIF was around 1.49, substantially below the rule-of-thumb cut-off of 10.00 for regression models (Pevalin and Karen, 2009). The tolerance factor also complements the result where the minimum value obtained in any of the models is 0.44, well above the rule-of-thumb cut-off of 0.10 (Longhi and Nandi, 2014). Therefore, multicollinearity was not an essential issue in the results.

The assumption of homogeneity of the variance of the residuals (Verbeek, 2008) was also tested by conducting Breusch-Pagan/Cook-Weisberg test for heteroscedasticity (Breusch and Pagan, 1979; Cook and Weisberg, 1983). From the results, it can be observed that the null hypothesis of constant variance was rejected, suggesting heteroscedasticity of the residuals. As such, the researcher has used robust standard errors in the estimations which account for heteroscedasticity as suggested by (Huber, 1967; White, 1980; Greene, 2008).

Table 4. 6 Zero-order correlation Table

Variable	Tenure of self-employment	Sex	Marital status	Has health complicacy	region	Standard industry classification	Business size	Regional unemployment rate	Year	Highest educational qualification	Age of the respondent (ln)	Training received at the previous wave	Previous labour market exposure	Earnings from self-employment (ln)	Satisfaction with income	Spouse job status	Living below poverty	Breadwinner status	Property value (ln)	Work location	Hours in business (ln)	Hours in work (ln)	Young children at the household (number)	Childcare responsibility
Tenure of self-employment	1.000																							
Sex	-0.0504	1.000																						
Marital status	-0.0840*	0.015*	1.000																					
Has health complicacy	0.0946*	0.030*	-0.006	1.000																				
region	-0.0349	0.029*	0.009	-0.011*	1.000																			
Standard industry classification	0.0598*	0.244*	0.007	0.069*	-0.015*	1.000																		
Business size	0.1640*	0.010	-0.082*	-0.026*	-0.012	0.0158	1.000																	
Regional unemployment rate	0.0234	-0.023*	0.028*	-0.018*	-0.271*	-0.0012	0.046*	1.000																
Year	0.0078	0.007	-0.026*	-0.007	0.0035	0.0244*	-0.046*	-0.678*	1.000															
Highest educational qualification	0.1079*	-0.148*	0.014*	0.026*	-0.013*	-0.2275*	-0.103*	0.021*	-0.0517*	1.000														
Age of the respondent (ln)	0.3893*	-0.011*	-0.302*	0.172*	0.023*	0.0247*	0.060*	-0.123*	0.1108*	0.0259*	1.000													
Training received at the previous wave	-0.0614*	0.075*	0.027*	0.016*	-0.025*	0.1103*	0.098*	-0.008	-0.0197*	-0.1463*	-0.0419*	1.000												
Previous labour market exposure	-0.1348*	-0.052*	-0.038*	-0.068*	-0.009	-0.1575*	0.0135	-0.020*	0.0158*	-0.0833*	-0.0019	0.1295*	1.000											
Earnings from self-employment (ln)	0.0536*	-0.170*	-0.057*	-0.075*	0.021*	0.0087	0.194*	-0.015*	0.0111	-0.0545*	0.0487*	0.0094	0.0550*	1.000										
Satisfaction with income	0.0173	0.021*	-0.090*	-0.118*	0.007	0.0024	0.143*	-0.083*	0.0763*	-0.0859*	0.0361*	0.0161*	0.0835*	0.1426*	1.000									
Spouse job status	-0.1415*	0.195*	-0.049*	-0.024*	0.007	0.0020	0.190*	-0.042*	-0.0175*	-0.0858*	-0.0116	0.0600*	0.0464*	0.0420*	0.0549*	1.000								
Living below poverty	0.0240	-0.059*	0.073*	0.016*	-0.035*	0.0224*	-0.110*	0.043*	-0.0016	0.1307*	-0.0500*	-0.0650*	-0.1924*	-0.3187*	-0.1894*	-0.2735*	1.000							
Breadwinner status	-0.0796*	0.221*	0.279*	0.006	0.053*	0.0867*	-0.065*	0.019*	0.009*	0.0066	-0.1438*	-0.0082	-0.1259*	-0.2297*	-0.0515*	0.1814*	0.0300*	1.000						
Property value (ln)	0.0655*	0.063*	-0.131*	-0.011	0.051*	0.1014*	0.142*	-0.125*	0.055*	-0.2067*	0.1614*	0.0229*	-0.0346*	0.1246*	0.1312*	0.0205*	-0.1584*	-0.0538*	1.000					
Work location	0.0596*	0.202*	-0.027*	0.055*	0.047*	0.0696*	-0.209*	-0.005	-0.029*	-0.0879*	0.1170*	0.0143*	-0.0667*	-0.1005*	-0.0102	0.0590*	-0.0346*	0.0649*	0.1134*	1.000				
Hours in business (ln)	0.0158	-0.358*	0.025*	-0.076*	0.020*	-0.2074*	0.171*	0.040*	-0.046*	0.1161*	-0.0521*	-0.0194*	0.0642*	0.2701*	0.0040	0.0031	-0.0041	-0.1208*	-0.0543*	-0.1563*	1.000			
Hours in work	0.0517	0.449*	-0.045*	0.045*	0.017*	0.1596*	-0.061*	-0.004	0.0040	-0.0483*	0.0909*	0.0083	-0.1107*	-0.1413*	-0.0163*	0.1538*	0.0124*	0.1503*	0.0245*	0.1767*	-0.2730*	1.000		
Young children at the household (number)	-0.1167*	-0.020*	-0.123*	-0.082*	-0.033*	-0.0192*	0.025*	0.061*	-0.048*	-0.0377*	-0.254*	-0.015*	-0.007	-0.0064	-0.0242*	-0.1094*	0.0777*	-0.0642*	-0.0584*	-0.0375*	-0.0014	0.0469*	1.000	
Childcare responsibility	-0.0708*	0.281*	-0.056*	-0.036*	0.010*	0.0319*	-0.033*	-0.011*	0.009	-0.0345*	-0.0604*	0.0263*	0.0477*	-0.1162*	-0.0129*	0.0924*	-0.0004	0.0517*	-0.0015	0.1630*	-0.1554*	0.1977*	0.0545*	1.000

*p<0.05

4.4.2.2 Results of the regression model(s)

Table 4-7 displays the regression coefficients along with the standard errors presented within brackets and the level of significance for each variable estimated under different models. The base model ('model 1') consists of all the control variables. The researcher has estimated the effect of all control variables on the dependent variable (duration of attachment to self-employment before making an exit) by utilising a multiple linear regression analysis. The regression coefficients in model 1 suggest that single, female self-employed have higher chances of facing exit in comparison to male and married self-employed, respectively. In addition, those reported health issues remained in self-employment longer before they were eventually making their exit.

In model 2, a multiple linear regression analysis was performed using the same dependent variable (duration of attachment to self-employment) and the human capital indicators as explanatory variables (educational qualification, previous labour market experience, training received and the logged age of the self-employed) along with control variables. Regression analysis revealed that the model was significantly predicted $F(17, 1114) = 12.59$, $p < .001$. The regression coefficients revealed that self-employed who were older ($t = 12.31$, $p < .001$) and with a lower level of formal education ($t = 2.36$, $p < .001$) remain in self-employment significantly longer periods prior to making an exit compared to younger and those with higher levels of educational qualifications. Compared to those with a degree or above level qualifications, the duration of self-employment spell before the exit for a self-employed without formal qualification is 1.69 times higher. Furthermore, for each unit increase in the logged age (as a proxy for accumulated experience), the self-employment spell increases by 11.84 points. As suggested by the results in model 2, other accumulated human capital indicators seemed to

have less effect on the time a self-employed individual will remain in their role before making an exit.

In model 3 (Table 4-7) illustrates the relationship between financial capital indicators and its influence on the duration one in self-employment prior to making an exit. In Model 3a, a standard multiple regression analysis was performed using individual-level financial capital indicators as independent variables (earnings from self-employment (ln) and reported level of satisfaction with income from the self-employment), keeping all the previous control variables in place. Closer inspection of the regression results revealed that the model was significantly predicted $F(13, 1021) = 3.65$, $p < .001$. The results indicate that business performance measured through earnings generated from self-employment ($p < 0.05$) could significantly predict the time attachment to self-employment. More specifically, if earnings from self-employment (ln) increased by one unit, the self-employed individual's attachment to the business, in terms of the time someone attached to the business, would be increased by 53 percentage points. However, the coefficient for the variable that measures the level of satisfaction self-employed reported in relation to the income they make from the self-employment business, the second financial capital predictor variable, though is in the expected direction, is not statistically significant at the conventional level of significance.

In model 3b, an attempt was taken to estimate regression coefficients from multiple regression analysis between the dependent variable (duration of entrepreneurial attachment to self-employment) and independent variables related to financial capital at the household level (logged value of the property, breadwinner status at the household, employment status of the spouse and living in a household below the relative poverty line) along with all control variables. Regression analysis revealed that the model was significantly predicted F(15, 1218)

= 3.79, $p < .001$. In terms of individual relationships between the independent and the dependent variable, the coefficient supporting the measure 'spouse in wage employment' (t = 3.37, $p < 0.001$), and an increase in household wealth proxied by logged property value (t = 2.04, $p < 0.05$), demonstrated statistically significant relationships suggesting those households where spouse bring a contribution from a stable employment and those with assets stay longer in business before they make their exit decision. More specifically, the result suggests that experiencing a one-unit increase in property value (logged) will increase the period of attachment to the self-employed business by 71 percentage points. Also, the self-employment duration for those with a spouse in wage employment is 1.77 times higher than those exit businesses run by self-employed with unemployed spouses. The result also suggests that the duration in self-employment is not related to the other two accumulated level financial capital indicators measured at the household level, namely, breadwinner status in the household and living below the poverty line in the household.

In Model 4, the author has accommodated the impact of time as an entrepreneurial capital to predict the duration self-employed remained in business before making their exit. With this goal in mind, a further set of multiple regression models between the dependent variable (duration of the entrepreneurial attachment to self-employment) and independent variables related to time as an entrepreneurial capital at the individual level (commitment to the business measured by hours in self-employment, and running the business from home) along with control variables was estimated and reported in Model 4a. The analysis revealed that the model significantly predicted F(13, 1109) = 6.27, $p < .001$ the self-employment duration. In terms of individual relationships between the independent variables and the dependent variable, running the business from home can significantly increase the self-employed individual's association to the self-employed business ($p < 0.01$). More specifically, the result indicates that compared to

those self-employed whose businesses were operating away from home, those operating from a homestay with the self-employed business 1.59 times longer before making their exit decision. However, the result indicated that the other individual-level indicator, commitment to the business measured by weekly hours in self-employment, did not influence the duration of time a self-employed individual would remain in their role before making an exit.

While keeping the same dependent variable, the author also attempted to run one more multiple linear regression model for the household-level time-related variables (assumption of childcare responsibility, the presence of young children at the household and the number of hours spent in performing household chores) along with the same set of control variables. The results from Model 4b indicate that while the presence of young children in the household negatively affects the duration in business, the hours devoted to performing the caring roles in the household affect the duration positively. More specifically, the presence of every additional child under 4 in the household can significantly decrease the tenure of self-employment by a factor of 1.90 ($p<0.001$). Also, the commitment of an additional hour (logged) towards fulfilling household roles and responsibilities, contrary to expectation, increases the period of association to the business significantly by 71 percentage points. Even though the sign of the coefficients was in the expected direction, no significant association was found between the assumption of the childcare responsibility and the duration a self-employed individual will remain in the business before they eventually exit.

Table 4. 7 Multiple regression analysis: estimating the role of resources on self-employment tenure

	Control only Model 1	Human capital Model 2	Financial capital Model 3		Time as an entrepreneurial capital Model 4	
		Individual-level	Individual-level (Model 3a)	Household-level (Model 3b)	Individual-level (Model 4a)	Household-level (Model 4b)
Marital status (ref: Married)						
Single	-1.514*** (0.491)	0.239 (0.498)	-1.375** (0.540)	-0.788 (0.524)	-1.121** (0.516)	-0.812 (0.528)
Health issue (ref. No)						
Yes	1.370*** (0.514)	-0.200 (0.520)	1.410** (0.567)	1.460*** (0.513)	1.299** (0.537)	0.237 (0.551)
Sex (ref. Male)						
Female	-1.045** (0.502)	-0.801 (0.492)	-0.877 (0.548)	-1.111** (0.513)	-1.421** (0.548)	-0.959* (0.581)
Business size (ref: one to two)						
Greater than two	-0.646 (1.022)	0.081 (1.030)	-0.181 (1.146)	-0.547 (1.019)	5.491*** (0.850)	4.879*** (0.869)
Regional unemployment rate	0.090 (0.141)	0.049 (0.142)	0.120 (0.153)	0.085 (0.141)	-0.020 (0.146)	-0.120 (0.150)
Industry classification (ref: Extractive/ manufacturing)						
Construction	-0.001 (1.381)	-0.571 (1.413)	-0.884 (1.566)	0.200 (1.375)	-0.371 (1.470)	0.309 (1.602)
Distributive hotel restaurant	-0.742 (1.199)	-0.887 (1.203)	-1.506 (1.383)	-0.573 (1.193)	-0.901 (1.265)	-0.804 (1.369)
Transport and communication	.0062 (1.356)	-1.055 (1.378)	-0.689 (1.583)	-0.095 (1.356)	0.835 (1.450)	-0.348 (1.591)
Banking, finance and insurance	-0.904 (1.936)	0.441 (1.989)	-0.025 (2.351)	-0.850 (1.929)	0.002 (2.131)	-0.280 (2.103)
Other services	1.586 (0.998)	-0.092 (1.044)	1.076 (1.147)	1.528 (1.00)	1.807 (1.053)	1.184 (1.149)
Regional dummies		Included	Included	Included	Included	Included
Year dummies		Included	Included	Included	Included	Included
HC Indicators – individual level						
Qualification (ref: degree and above)						
Secondary		0.763 (0.525)				
No formal education		1.694** (0.717)				
Previous labour market exposure (ref. no)						
Self-employment experience		-0.294 (0.634)				
Work experience		-0.770 (0.676)				
Age (ln)		11.839*** (0.961)				
Training received since the last interview (ref: no)						
Yes		-0.1634 (0.574)				
FC Indicators – individual and household level						
Earnings from self-employment (ln)			0.530** (0.205)			
Satisfied with income			0.049 (0.149)			
Property Value (ln)				0.707** (0.346)		
Accumulated FC				-0.535 (0.597)		
Breadwinner[a] (ref. Primary)						
Secondary						
In poverty				0.509 (0.547)		
Spouse job status (ref. unemployed)						
Employed				1.767*** (0.524)		
Time as an entrepreneurial capital indicator – individual and household level						
Weekly Hours in business (ln)					0.157 (0.344)	
Business location (ref. away from home)						
Home					1.588*** (0.545)	
Total number of young children (age<4)						-1.903*** (0.468)
Weekly hours in housework						0.706*** (0.306)
Childcare (ref. no children/ no childcare responsibility at the HH)						
-Childcare is outsourced						-.1380 (3.008)
-Partner						-3.364 (2.074)
-limit work due to childcare						-1.773 (1.680)
Number of observations	1,239	1,132	1,035	1,234	1,123	972
Adjusted R-squared	0.0221	0.1483	0.0246	0.0329	0.0575	0.0682
F	3.54*** (11, 1227)	12.59*** (17, 1114)	3.00*** (13, 1021)	3.79*** (15, 1218)	6.27*** (13, 1109)	4.37*** (16, 955)

4.4.3 Analysis 3: Multinomial logit regression on different exit conditions-Self-employed sample

After performing the longitudinal/panel logistic regression for the exit vs non-exit self-employed individual from wave 1 to 8 (Analysis 1), a further probe was undertaken to extend the analysis to study exit beyond the existing limited explanation provided by the dichotomous exit categorisation used in the previous analysis (analysis 1). Considering exit as a dichotomous outcome presents limitations in understanding the drivers of exit as well as the criteria for an exit, as noted in the literature (DeTienne, 2010). Treating exit vs non-Exit as a binary outcome is a simplified form of a complex process, despite its use in the existing empirical research to denote business under-performance vs survival (Coad, 2013) or voluntary vs involuntary exit (Justo et al., 2015). DeTienne and Cardon (2012) argued that exit, being a non-unidimensional construct, needs to be treated differently than failure. Levie et al. (2010) supported this view, who emphasised that entrepreneurs could leave their businesses after a successful harvest event or voluntarily exit as a response to (positive and negative) business outcomes or for personal reasons. Thus, to enable an analysis which could offer a comprehensive account of the exit conditions and the associated resource base that promote/hinder such conditions, it is essential to go beyond providing a simple dichotomous explanation to exit. In this third analysis, the exit event has been studied utilising the following two criteria: i) the duration in which one remained in self-employment (the time between entry into and exit from self-employment - tenure), and ii) returns from self-employment (the income from self-employment before the year one made the exit decision - returns). Based on the self-employed *tenure* and *returns*, the sample was subsequently divided into four groups. In terms of self-employment tenure, a distinction was made between the early-stage exit (categorised as 0) and matured stage self-employment exit (categorised as 1) based on the maturity of business criteria set in the Global Entrepreneurship Monitor (GEM) 2018/2019 Global Report (Bosma and Kelley, 2019). Moreover, the criteria for returns was set based on the median income in the year before they made an exit from self-employment: High Earners (=1) and Low Earners (=0). High earners were identified as those who reported income higher than the median, and the low earners were characterised as those reported incomes lower than the median. This categorisation has resulted in defining four conditions for the exit, hereafter in the thesis refer to as four forms of exit:

Involuntary Negative exit:

Involuntary negative exits are made by those self-employed who stayed in business for a relatively longer period but failed to make a sufficient return from their business prior to facing the exit event. Despite achieving limited financial gains from the market, these self-employed continued working for their business until they come to a state where the exit was inevitable. Because the prospects of having to continue a business venture with no or little returns is an indication of a possible business failure, this thesis regards these forms of exits as forced involuntary negative exists. The author termed these self-employed as '**Convenient Underperforming Entrepreneurs'** as even though they were not earning a satisfactory return, these self-employed continued the business for their convenience.

Voluntary positive exit:

Self-employed who made this form of exit stayed in their business for a relatively long time while making sufficient returns from their established entrepreneurial venture. These self-employed individuals might have made the decision to leave their long-running business in search of better employment opportunities that would generate even higher returns. Thus these 'harvest' events, which often referred to as positive exits in the literature (DeTienne, 2010) allow the self-employed to apply their labour capacity outside of the business. Such exits are often done voluntarily, and these '**Established Successful Entrepreneurs'** would be in an advantageous position to utilise their financial and human capital (experience in running a 'successful business') to explore alternatives and more satisfying career pathways.

Involuntary positive exit:

These forms of exits push the self-employed out of their business during the nascent stage of their venture to avoid long term financial failures. Those who experience 'Involuntary positive exits' stay in self-employment for a short period 'testing the waters'. Failure to receive financial benefits may push these individuals to leave the business for alternative opportunities without wasting any more of their time nurturing an unrealistic opportunity. Even though these individuals are pushed out of their businesses due to business underperformance, they do it

wisely to avoid further waste of resources, especially time. For those running ventures with limited growth prospects, the longer one stays in business, the greater the waste of investments of time and other scarce resources they put into the business, and less the opportunities they receive to explore alternative labour market options. In the event of low returns, 'successful' entrepreneurs should leave their business to avoid the prolongations of non-satisfactory returns(Carter, 1996). The author termed these self-employed individuals as **'Intelligent underperforming'** entrepreneurs.

Voluntary wasted opportunity exit

Those who experience this form of exit did not continue their business long enough to reap the benefits from their efforts. These individuals have been receiving positive returns at the time of exit; their income from the venture was observed to be higher than the median of the whole exit group. These individuals could have expanded their experiment to the next level by contributing additional investments with the hope of receiving even higher returns from these investments. Instead, they voluntarily made an exit from an otherwise successful venture. As such, these self-employed can be termed as **'Uncommitted Successful Entrepreneurs'** following the definition that refers to decisions resulting in action where previous successful efforts go into veins.

Compared to involuntary negative exits, the other three forms of exits (voluntary positive exits, involuntary positive exits and voluntary wasted opportunity exits) offer favourable conditions for the entrepreneur. While some experienced positive financial returns, others gained valuable human capital experience by being in the business for an extended period.

The details of the different categories of exits made by the self-employed from wave 1 to wave 8 are depicted in Table 4-8. Figure 1 also visually displays the categorisation used in the analysis, and the result interpretations follow thereafter.

Table 4. 8 Categories of exit forms

Group #	Type of exit	Duration	Return*	Frequency	Percentage
1	Involuntary negative exit	greater than 42 months	less than the median income	443	33.01
2	Voluntary positive exit	greater than 42 months	higher than the median income	333	24.81
3	Involuntary positive exit	shorter than 42 months	less than the median income	335	24.96
4	Voluntary wasted opportunity	shorter than 42 months	higher than the median income	231	17.21
*at the time of exit			total	1342	

The following analysis presents the resource and the demand criteria associated with each of the four forms of exits discussed above. The dependent variable for this analysis is a four-category unordered variable where each category took a similar proportion of individuals from the study sample. Given the nature of this dependent variable, a multinomial logit analysis was carried out by following the default criteria in defining the base category; the group with the highest number of observations form the base category. Multinomial logit (also termed as polytomous logit) regression provides appropriate tools for the analysis when the dependent variable has multiple unordered categories (Hamilton, 2012). As can be seen from the data in Table-4-8, 443 self-employed businesses fulfilled the conditions set for involuntary negative exits and thus formed the base category. This base category enabled the author to compare three of the 'positive' forms of exit with the negative form defined here as– 'Involuntary Negative Exit'. The author has also calculated the Average Marginal Effect (AME) for each exit as a supplementary analysis. This offers opportunities to explain the difference between 'positive' vs' negative exits and allows the author to compare different forms of positive exits to identify the driving forces behind each of these exits. Moreover, for non-linear models, Long and Freese (2014) suggested applying a variety of interpretation methods to present the results elegantly and do justice to the complexities typically associated with the non-linear models.

4.4.3.1 Regression diagnostics

The assumption of independence of irrelevant alternatives (IIA) in the MNLM where the odds do not depend on other available alternatives has been tested for different models by performing the two most common tests of IIA: the Hausman McFadden (HM) test (Hausman and McFadden, 1984) and the Small-Hsiao (SH) test (Small and Hsiao, 1985). The test statistics is significant, indicating the appropriateness of MNLM as the assumptions of IIA have not been violated.

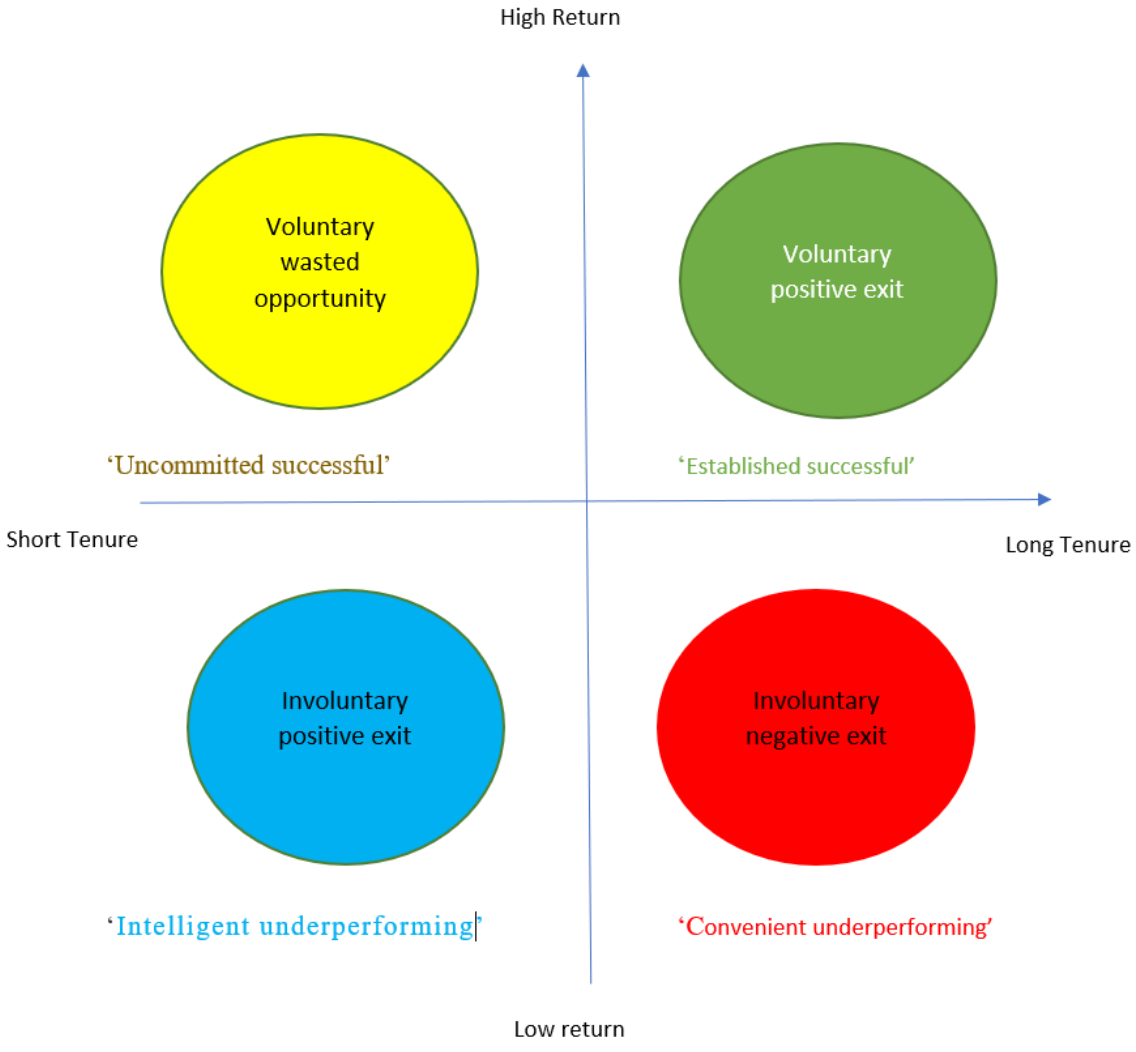


Figure 4. 2 Forms of an exit made by the self-employed/business owners

4.4.3.2 Factors Governing Entrepreneurial Exit: Human Capital explanation for the four exit conditions

Table 4-9 displays the average marginal effects along with standard errors (in brackets) from multinomial logistic regression for individual-level human capital indicators along with a set of control variables explaining exits. In order to explain the relative role of resources, average marginal effects were calculated for each of the different exit conditions to facilitate meaningful interpretations of the results in relation to each group. Table 4-10 displays the RRR (relative risk ratio) where the coefficients are expressed in exponential forms to facilitate the interpretations of the comparative role of human capital indicators with reference to the base category, i.e. involuntary negative exit.

In the discussion provided below (and in the remaining discussion related to financial capital and time as a resource), data from both Table 4-9 and Table 4-10 were combined to provide (a) a comprehensive account of the resource considerations for each form of exit (data from Table 4-9), and (b) an explanation of the resource considerations for each form of exit measured in relation to the resource implications for the population in the reference group, involuntary negative exit group (data from Table 4-10). For involuntary negative exit being the reference group, a similar comparison was not possible to make for the membership in that group.

4.4.3.2.1 Involuntary negative exits

The average marginal effects for the self-employed who experienced an 'involuntary negative exit' were older and reported lower educational credentials (up to secondary level); their association with this type of exit, however could be lessened if they had previous labour market exposure, whether it is through wage employment or prior self-employment careers. Age(ln) as a proxy of accumulated experience was observed to have a significant association with this form of exit; if the age(ln) increases by one unit, the association with such exit will be increased by 30.7 percentage points. This indicates the importance of accumulated life experience guiding these convenient unsuccessful entrepreneurs to disengage themselves from an economically unviable venture. In comparison to the highly qualified self-employed individuals, self-employed individuals with secondary qualification was shown to be 7.7 percentage points higher, and those without any formal qualification, 8.3 percentage points higher association

with experiencing an 'involuntary negative exit', emphasising the importance of educational background to avoid exit, particularly to avoid the probability of experiencing an inevitable negative exit. Data also suggests that previous work experience might deter them from making a negative exit. More specifically, compared to those without any labour market experience, self-employed with wage employment experience had 17.3 percentage points lower association with this form of exits.

4.4.3.2.2 Voluntary positive exit

The second set of the AME coefficients from Table 4-9 suggest that older self-employed with job market experience had a higher probability of making this form of exit. Moreover, in comparison to those who had credentials at degree level and above, self-employed who had up to secondary level education demonstrated lower chances of facing such exits indicating a positive association of higher credentials with positive voluntary exits. Compared to highly educated, self-employed with secondary level qualification and those without any formal education showed 8.3 percent and 18.2 percent respectively lower chances of making such exit. A possible interpretation of this finding is that with a higher level of human capital, self-employed could use the knowledge base to apply it into business operations to avoid negative exits and guide themselves to make an informed and less detrimental effects from their exit. The likelihood of experiencing voluntary positive exit increase by 21.3 percentage points if age(ln) is increased by one unit, denoting the importance of age as a proxy for accumulated life experience essential to make better business decisions. In addition, previous wage employment experience can raise the chances of a self-employed individual to face a positive exit voluntarily by 19.4 percentage points compared to those without any previous labour market experience. This data provides convincing evidence that having previous job market exposure can help the self-employed reap the maximum benefit from their self-employed business.

From Table 4-10, it can also be observed that compared to those who stayed longer in business with little returns (involuntary negative exit), those who voluntarily left the business following positive financial returns (voluntary positive exit) were older (a measure of human capital), reported a higher level of human capital demonstrated through credentials and were more likely to possess a higher level of previous labour market experience. After holding other possible exit explanations constant, an increase in the age (ln) of the self-employed, though not

statistically significant, increases the odds of experiencing voluntary positive exit. Education also seems to be a contributing factor in differentiating the two forms of exit. Compared to those with a degree or a qualification above the degree level, self-employed with secondary level education were 49 % (RRR=0.51, $p<0.01$) and without any formal education were 77% (RRR=0.23, $p<0.01$) less likely to face voluntary positive exits. What stands out in this data is that in comparison to those with lesser credentials, self-employed with higher credentials were more likely to face voluntary positive exits.

Previous exposure to the job market can also influence the exit experienced by the self-employed individual. From Table-4-10, it can be seen that the self-employed in this group, compared to the reference group, their likelihood of experiencing voluntary positive exit is higher relative to those without any experience when they possess previous self-employment experience. However, the result was not statistically significant. The data also suggests that entrepreneurs' previous work experience in the wage sector can be considered valuable human capital, enabling them to navigate their venture successfully and, therefore, significantly increase the odds of one facing the voluntary positive exit. More specifically, the odds of experiencing this form of exits are 4.61 times higher for those self-employed who reported having previous work experience than those who have reported having no previous experience in the labour market. Overall, the results support the idea that previous labour market experience is a valuable human capital for the self-employed to experience a voluntary positive exit compared to one experiencing a negative involuntary negative exit.

4.4.3.2.3 Involuntary positive exits

AME values from Table 4-9 for involuntary positive exits suggests that older entrepreneurs with labour market experience are more likely to avoid facing this form of exit. The possibility of facing this form of exit would be reduced by 36.04 percentage points if age (ln) increased by one unit, implying the value of accumulated experience captured through age. AME value from the third column in Table 4-9 indicates that in comparison to those without previous labour market experience, self-employed with previous self-employment experience displayed a 9.2 percentage points lower association with this form of exit. For those with experience from wage employment before starting self-employment, the rate is even higher, 18.1 percentage points. Education, as a fixed level of human capital, can explain these types of exit conditions.

A lower level of education would compel the self-employed to face conditions set out for the involuntary positive exits. More specifically, in comparison to those who had a degree or above degree level qualification, self-employed with secondary level education or those without any formal education reported 5.43 percentage points and 18.8 percentage points, respectively, higher chances of facing an involuntary positive exit.

Relative risk ratio from Table 4-10 suggests that in comparison to those who stayed longer in business despite little returns (involuntary negative exit), those who involuntarily left the business with lower financial returns (involuntary positive exit) are younger, reported a lower level of human capital demonstrated through credentials. Specifically, for each one-unit increase in age (ln), self-employed had 93% [-93%= 100% (0.07-1)] less possibility of facing the involuntary positive exit. The relative risk of experiencing involuntary positive exit is also higher for self-employed with secondary level and below qualification compared to the self-employed with a degree and above level qualifications. However, the association was only statistically significant among the self-employed with no formal qualifications. Compared to those self-employed who had a degree and above level qualifications, self-employed without any formal education were 65% more likely to experience involuntary positive exit. Even though their previous labour market experience and training could reduce their possibility of experiencing involuntary exit, no significant association was observed between those variables and the likelihood of a self-employed individual making this form of exit.

4.4.3.2.4 Voluntary wasted opportunity exits

AME results from Table 4-9 for voluntary wasted opportunity exit suggests that an increase in age (ln) reduces the possibility of experiencing this form of exit by 16.0 percentage points, suggesting that matured self-employed would not opt for such exits. However, compared to highly educated entrepreneurs, entrepreneurs with secondary level education and those with no formal education reported 4.81 and 8.9 percentage points, respectively, lower possibility of facing such exit, indicating people with lower credentials are less likely to follow this form exit. Also, with reference to the group with no labour market experience, self-employed who had labour market exposure in the form of running a self-employed business or in wage employment prior to starting the self-employed venture in question would increase the possibility of facing such exits by 8.1 and 15.9 percentage points respectively. This may suggest

that having previous labour market exposure might encourage these people to leave the venture even though it was in a promising state to attain a higher goal.

The RRR from Table-4-10 suggests that compared to those who stayed longer in business with little returns (involuntary negative exit), those who voluntarily left the business with positive financial returns within a short period (voluntary wasted opportunity exit) are younger (a measure of human capital), reported a higher level of human capital demonstrated through credentials and reported to have labour market experience before starting the business in question. According to the data presented in Table 4-10, after holding other possible exit explanations constant, an increase in the age (ln) of the self-employed reduces the odds of experiencing voluntary wasted opportunity exit; the older the self-employed, the lower the probability of that individual making voluntary wasted opportunity exit. Specifically, the odds of experiencing voluntary wasted opportunity type of exit compared with an involuntary negative exit is reduced by an estimated 87% [-87% =100% (0.13-1)] for each one-year increase in age (ln). A possible reason for this high value might be related to the fact that the result is expressed in comparison to the involuntary negative exit group. As a measure of fixed human capital, education also influences this form of exit experienced by the entrepreneurs. It can be seen from the RRR figures that those self-employed with secondary and lower level educational qualification had a significantly lower risk of facing voluntary wasted opportunity exit than those who are highly educated. More specifically, compared to those holding a degree and above level qualification, the odds of encountering this form of exit are 45% lower for self-employed with secondary level education and 63% lower for those without any formal education, indicating the significance of credentials in the exit decision taken by the self-employed individual.

Those who decided to leave early despite receiving positive business returns displayed characteristics that suggest the importance of previous labour market experience in making enterprise transition decisions. More specifically, the relative risks of facing this type of exit (compared to involuntary negative exit) increase by a factor of 2.25 for those with previous self-employment experience compared to those without such experience. Moreover, those who had previous experience in wage employment reported 5.72 times higher risk of facing voluntary wasted opportunity exit over the involuntary negative exit. There was no evidence that training influences any profile of exit.

Table 4. 9 AME for Multinomial logistic regression - Human capital

	Predictors	Model:1 AME for Multinomial logistic regression Dependent variable-Forms of exit made by the self-employed (for Individual Human Capital indicators) Involuntary negative 1	Voluntary positive exit 2	Involuntary positive 3	Voluntary wasted opportunity 4
Control variables	Marital status (ref: Married)				
	Single	-0.043 (0.028)	-0.009 (0.025)	0.0368 (0.026)	0.016 (0.023)
	Health issue (ref. No)				0.007 (0.025)
	Yes	0.016 (0.029)	-0.014 (0.026)	-0.009 (0.027)	
	Sex (ref. Male)				-0.005 (0.023)
	Female	0.034 (0.0279)	-0.074*** (0.025)	0.044* (0.026)	
	Business size (ref: one to two)				-0.063 (0.052)
	Greater than two	0.055 (0.056)	-0.013 (0.052)	0.022 (0.052)	
	Regional unemployment rate	-0.0166* (0.008)	-0.020*** (0.007)	0.022*** (0 .007)	0.015** (0.007)
	Industry classification (ref: Extractive/mfg.)				
	Construction	-0.083 (0.084)	0.172** (0.080)	-0.0666 (0.064)	-0.023 (0.071)
	Distributive hotel restaurant	0.001 (0.073)	-0.040 (0.060)	0.131** (0.063)	-0.092 (0.057)
	Transport and communication	0.008 (0.082)	0.015 (0.069)	0.046 (0.072)	-0.069 (0.066)
	Banking, finance and insurance	-0.199* (0.1060)	0.330*** (0.115)	0.074 (0.112)	-0.205*** (0.067)
	Other services	0.071 (0.064)	-0.023 (0.053)	0.070 (0.052)	-0.118** (0.052)
	Regional dummies	Included	Included	Included	included
	Year dummies	Included	Included	Included	included
Individual	Fixed HC				
	Qualification (ref: degree and above)				
	Secondary	0.077** (0.030)	-0.083*** (0.028)	0.0543** (0.027)	-0.048* (0.025)
	No formal education	0.083** (0.041)	-0.182*** (0.031)	0.188*** (0.041)	-0.089** (0.031)
	Previous labour market exp. (ref. no)				
	Self-employment experience	-0.027 (0.038)	0.038 (0.030)	-0.092** (0.036)	0.081*** (0.026)
	Work experience	-0.173*** (0.040)	0.194*** (0.034)	-0.181*** (0.037)	0.159*** (0.029)
	Training received since last interview(ref: no)				
	Yes	-0.004 (0.033)	0.029 (0.029)	-0.033 (0.030)	0.008 (0.025)
	Accumulated HC				
	Age (ln)	0.307*** (0.055)	0.213*** (0.052)	-0.360*** (0.044)	-0.160*** (0.043)
	Observations	1132			
	McFadden's R square	0.1369			
	LR chi2(51)	420.41***			

[1]Figures in parentheses are standard errors. *, **, *** Significance at 10, 5 and 1 percent level. [2] average marginal effects are calculated from the log-odds

[3]McFadden's R square measures the change in the likelihood and does not measure explained variance.

The likelihood ratio of chi-square of 420.41 with a p-value<0.00001 indicates that the model as a whole fit significantly better than an empty model (i.e. a model with no predictors)

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Table 4. 10 Multinomial logistic regression (RRR) predicting types of self-employed exits for Individual Human Capital indicators

	Predictors	Model:1 Relative risk ratio (RRR)for Multinomial logistic regression Dependent variable-Forms of exit made by the self-employed (for Individual Human Capital indicators) Voluntary positive exit Group 2	Involuntary positive Group 3	Voluntary wasted opportunity Group 4
Control variables	Marital status (ref: Married)			1.281 (0.260)
	Single	1.100 (0.207)	1.362* (0.242)	
	Health issue (ref. No)			0.984 (0.211)
	Yes	0.889 (0.171)	0.915 (0.192)	
	Sex (ref. Male)			0.833 (0.170)
	Female	0.600*** (0.111)	1.111 (0.212)	
	Business size (ref: one to two)			0.559 (0.221)
	Greater than two	0.738 (0.283)	0.912 (0.360)	
	Regional unemployment rate	0.954 (0.051)	1.175*** (0.060)	1.158** (0.068)
	Industry classification (ref: Extractive/ manufacturing)			
	Construction	2.697* (1.52)	0. 826 (0.358)	1.372 (0.783)
	Distributive hotel restaurant	0.749 (0.353)	1.803 (0.905)	0.608 (0.277)
	Transport and communication	0.993 (0.509)	1.228 (0.720)	0.693 (0.359)
	Banking, finance and insurance	8.097* (8.978)	4.140 (5.135)	0.784 (1.012)
	Other services	0.656 (0.263)	1.122 (0.506)	0.408 (0.159)
	Regional dummies	Included	included	included
	Year dummies	Included	included	included
Individual	Fixed HC		.	
	Qualification (ref: degree and above)			
	Secondary	0.5108*** (0.099)	1.027 (0.197)	0.549*** (0.118)
	No formal education	0.233*** (0.072)	1.649** (0.395)	0.366*** (0.121)
	Previous labour market exp. (ref. no)			
	Self-employment experience	1.414 (0.359)	0.769 (0.159)	2.251*** (0.710)
	Work experience	4.613*** (1.207)	0.786 (0.193)	5.721*** (1.844)
	Training received since last interview ref: no			
	Yes	1.188 (0.246)	0.863 (0.192)	1.089 (0.247)
	Accumulated HC			
	Age (ln)	1.087 (0.443)	0.066*** (0.024)	0.134*** (0.056)
	Observations		1132	
	McFadden's R square		0.1369	
	LR chi2(51)		420.41***	

In the above model, involuntary negative exit (Group 1) is the reference category (base outcome)

[1]Figures in parentheses are standard errors. *, **, *** Significance at 10, 5 and 1 percent level.

[2] relative risk ratio (RRR) is calculated from the log-odds Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.4.3.3 Factors Governing Entrepreneurial Exit: Financial Capital explanation for the four exit conditions

In order to assess the role of individual and household level financial resources in explaining different forms of exit experienced by the self-employed, average marginal effect (AME) of financial capital indicators were calculated from the multinomial logistic regression and presented in Table 4-11. In Table 4-12, the author studies the RRR related to the same indicators of financial capital measured at the individual and household levels to compare the different exit conditions with the reference group.

4.4.3.3.1 Involuntary negative exit

For involuntary negative exit, the first set of marginal effects related to earnings from self-employment (logged) reduces the chances of facing involuntary negative exit by 1.61 percentage points even though no significant association was found for this relationship. However, the chances of facing involuntary negative exit are reduced by 2.60 percentage points if the self–reported measure of the level of satisfaction with income earned by the self-employed is increased by one unit.

Average marginal effects related to the household level financial capital indicators are presented in Table 4-11 for those self-employed who experienced involuntary negative exits. Wealthy individuals in self-employment (wealth is measured through house price) could avoid this form of exit, possibly through additional business investments received by using their household wealth as collateral; however, this relationship is not statistically significant. Compared to the primary breadwinner, the self-employed individual being a secondary breadwinner in the household had a significant 21.1 percentage points higher association with involuntary negative exits. This finding further supports the assertion that these self-employed individuals were operating a business for convenience, especially to experience the benefits of flexible work arrangements possible in self-employment. With a spouse in wage employment, bringing a stable extra income to the household, self-employed individuals have less commitment in terms of their contribution to the household income. These individuals have the added advantage of leaving the business without causing too much negative influence on the household if the self-employment effort is less successful. This trend was evident in the data which suggests that those self-employed with a spouse in wage employment had 20.5 percentage points higher possibility of facing this type of exit in comparison to those with unemployed spouses emphasising that support from a spouse can be crucial in helping the self-employed decide to disengage from this kind of non-performing business. Moreover, self-employed

who live below the household poverty lines had 36.7 percentage points significantly higher possibility of experiencing involuntary negative exit in comparison to those who were out of poverty.

4.4.3.3.2 Voluntary positive exit

The results suggest that the ownership of financial capital influences the decision to exit from self-employment for the matured entrepreneurs who made an exit despite making good returns (voluntary positive exits). More specifically, the chances of making a voluntary positive exit are increased by 2.1 percentage points for every 100 GBP increase in self-employment earnings. Moreover, the likelihood of facing voluntary positive exit is increased by 4.40 percentage points for every additional unit increase in the self-reported measure of the level of satisfaction reported by the self-employed individual in relation to their income levels from the business.

In comparison to those self-employed who stayed in business for long without earning a positive return but eventually made an exit, self-employed in this group experienced positive returns from self-employment and reported a higher level of satisfaction with the income they made from business prior to exit. More specifically, it can be said that if the logged earning increased by GBP 1, the relative risk for voluntary positive exit relative to involuntary negative exit is expected to increase by a factor of 1.30 given the other variables in the model are held constant. Thus, given an increase in logged income, the author would expect a self-employed to experience a voluntary positive exit over an involuntary negative exit. In addition, if a self-employed individual's level of satisfaction with income increased by one unit, the relative risk of facing voluntary positive exit over involuntary negative exit is expected to increase significantly by a factor of 1.20 given the other variable in the models are held constant. More generally, assuming every other effect is held constant, a self-employed individual who is satisfied with their income will voluntarily exit from their business and avoid their prospects being pushed out of their self-employment due to low returns.

The AME from Table 4-11 suggests that this form of exit is experienced by those self-employed who possess higher levels of household wealth (proxied by housing equity), take the primary breadwinner's role and fortunate to be part of a household living above poverty thresholds. This comparative analysis indicates that secondary breadwinners experienced 25.2 percentage points lower chances of experiencing voluntary positive exits compared to those maintaining primary breadwinner. This relationship is statistically significant at $p<0.000$ level. For these self-employed, an increase of GBP 1000 in household wealth (logged) can increase the likelihood of experiencing this form of exit by 6.9 percentage points. However,

compared to living with an unemployed spouse, a self-employed household benefiting from a spouse in wage employment experience 4.9 percentage points significantly lower possibility of facing the voluntary positive exit. Moreover, those living below the relative poverty line experienced a significant drop of 32.2 percentage points compared to those out of poverty to be selected into the positive voluntary exit category.

The RRR values calculated for household-level financial capital in Table 4-12 suggests that in comparison to involuntary negative exit, the probability of one experiencing voluntary positive exit is increased with an increase in the value of the property (as a measure of household wealth) and with the prospects of living with a partner in wage employment. This figure decreases for those occupying a secondary breadwinner role and for those living below the relative household poverty line. If the logged property value increases by one unit, the relative risk of one experiencing voluntary positive exit relative to involuntary negative exit is expected to increase by a factor of 1.72, given all other variables are held constant. More generally, it can be said that self-employed from wealthy households are more likely to face voluntary positive exit over the involuntary negative exit. The relative risk of experiencing a voluntary positive exit over an involuntary negative exit decreases by a factor of 0.070 for a secondary breadwinner self-employed relative to a primary breadwinner. For those self-employed who live with a spouse in wage employment (relative to their being unemployed), the relative risk of experiencing voluntary positive exit over involuntary negative exit is expected to increase by 1.96, given the other variables in the model are held constant. The other most striking difference observed is in relation to household poverty measures. The relative risk of experiencing voluntary positive exit over involuntary negative exit is expected to decrease by a factor of 0.042, a significant decrease after other potential exit conditions are controlled for. Thus, the higher the tendency of one living in a household under poverty, the lower the probability that someone faces voluntary positive exit over involuntary negative exits.

4.4.3.3.3 Involuntary positive exit

The AME in Table 4-11 for the third exit condition, i.e. involuntary positive exits, suggests lower earnings from self-employment and lower satisfaction with income increase the possibility of experiencing involuntary positive exit. More specifically, an increase in earnings from self-employment (logged) can significantly reduce the possibility of exit by 3.60 percentage points. Furthermore, a higher level of satisfaction with income can reduce the possibility of facing such an exit by 1.50 percentage points. A possible interpretation of this finding is that lower earnings from self-employment and low satisfaction with the financial situation expedite the process of exit for members in this exit group, as the business was unable to generate sufficient return at the time of exit.

The RRR from Table 4-12 suggests that in comparison to those who made an unsuccessful negative exit, self-employed who made an early exit make the exit decision after realising the limited positive prospects from self-employment demonstrated through low returns from self-employment. If a self-employed individual experience an increase in income by GBP 1(log), the relative risk of that individual facing an involuntary positive exit (relative to involuntary negative exit) is expected to decrease by a factor of 0.88. More generally, it can be said that if self-employed individuals' income (logged) are increased, they are 12% less likely to face involuntary positive exit compared to involuntary negative exit. The other individual-level financial capital indicator, the self-reported measure of satisfaction with income, does not offer a statistically significant explanation for the exit experienced by this group.

The average marginal effects related to household-level financial capital for the self-employed who experienced involuntary positive exits are presented in Table 4-11. For these self-employed, a GBP 1000 increase in logged property value can significantly decrease the possibility of facing this form of exit by 6.4 percentage points meaning infusion of additional equity realised through increased property price can protect the self-employed from making lower returns and thus reducing the possibility of them facing such an exit. The analysis also suggests that secondary breadwinners have 17.3 percentage point significantly higher possibility of facing involuntary positive exits in comparison to one taking the primary breadwinner role in the household. The possibility of avoiding the pushed exit for secondary breadwinners could be explained by the resource sharing model in dual-earner households. Our data also suggests that those self-employed with a spouse in wage employment had 6.60 percentage points higher possibility of facing this type of exit in comparison to those with unemployed spouses emphasising that support from a spouse can be crucial in helping the self-employed to make the decision to disengage from this kind of non-performing business. Moreover, self-employed living below the household poverty line had 14.9 percentage points significantly higher possibility of experiencing involuntary positive exit compared to those who were not in poverty. The members of this exit group while living in a household with their spouse in wage employment, might look for other labour opportunities which would help them to change their current poverty status.

The RRR values calculated for household-level financial capital for this exit group compared to involuntary negative exit are presented in Table 4-12. Data suggests that if the self-employed experience a one-unit increase in the logged value of household wealth, the relative risk for experiencing involuntary positive exit relative to involuntary negative exit is expected to decrease significantly by 19 percentage points given all other variables are held constant. Thus, self-employed from wealthy household faces lower chances of

experiencing this type of exit. For those self-employed who lives with a spouse in the wage employment (relative to they being unemployed), the relative risk of experiencing voluntary positive exit over involuntary negative exit is expected to increase by a factor of 2.39 given the other variables in the model are held constant. This finding suggests that having a complementary income source in the household could give more discretion to the self-employed individual to leave the venture at an early time if the business is underperforming. No significant association was observed when an attempt was made to explore the effect of breadwinner status of the self-employed in the household and living below the relative household poverty level on the involuntary positive exit group.

4.4.3.3.4 Voluntary wasted opportunity exit

The voluntary wasted opportunity exits made by those self-employed who, despite earning an above-average return, did not stay longer to reap the benefit owing to the continuity of ownership of the venture. The average marginal effect (AME) calculated for this exit group is presented in Table 4-11 suggests that ownership of financial capital owing to earnings from self-employment (logged) did not influence voluntary wasted opportunity exit. As the membership in this remained in business for a short period (made an exit during their nascent stage), earnings from self-employment might not be relevant to this group. However, the likelihood of facing voluntary wasted opportunity exit is increased by 1.90 percentage points for every additional unit increase in the self-reported measure of the level of satisfaction reported by the self-employed individual in relation to their income from the self-employment.

For the self-employed who made this form of exit, the earning from self-employment was found not to be influencing the exit condition. In Table 4-12, the relative risk of making voluntary wasted opportunity would be expected to increase by a factor of 1.12; every one unit increase in log earnings from self-employment increases the exit prospects of this group of self-employed given the other variables in the model are held constant. However, the relationship was not statistically significant. If an individual's satisfaction with income was to increase by one unit, the relative risk for falling into the group of voluntary positive exit over involuntary negative exit is expected to increase by a factor of 1.22, given that the other variables in the models are held constant. More generally, assuming every other thing is held constant, the higher the satisfaction of the self-employed with their financial situation, the higher the chances of facing voluntary wasted opportunity exit over facing the involuntary negative exit. Although the thesis found that self-employed in this group were earning good returns at the time of exit and which was expected to influence their level of satisfaction with the financial situation, the results indicate that this is not necessarily the case.

As these self-employed made an exit shortly despite making a higher return, they are characterised by having unemployed spouses, take the role of primary breadwinner in the household and fortunate to be a part of household living above the poverty threshold. Data associated with AME in Table 4-11 suggests that self-employed maintaining secondary breadwinner status in the household in comparison to primary one has 13.2 percentage points significantly less possibility of experiencing voluntary wasted opportunity exits compared to self-employed maintaining primary breadwinner status in the household. However, compared to living with an unemployed spouse, a self-employed household benefiting from a spouse in wage employment experience 9.0 percent lower significant possibility of facing this type of exit. Moreover, those who were living below the relative poverty line had experienced a significant drop of 19.4 percentage points compared to those out of poverty to be selected into the voluntary positive exit category.

Data in Table 4-12 suggests that if the value of the property (as a measure of household wealth) increases by one logged unit, the relative risk for experiencing voluntary wasted opportunity exit relative to involuntary negative exit increases by a factor of 1.44 given all other variables held constant. More specifically, it can be said that if the property value owned by the self-employed increases, the author expects the self-employed to face a voluntary wasted opportunity type of exit over the involuntary negative exit. The relative risk of experiencing a voluntary wasted opportunity exit over an involuntary negative exit decreases by a factor of 0.0951 for a secondary breadwinner self-employed relative to a primary breadwinner. In other words, self-employed secondary breadwinners are less likely to experience voluntary wasted opportunity exit than primary breadwinners, thus disengage themselves earlier from venture activities. For those self-employed who lives with a spouse in the wage employment (relative to they being unemployed), the relative risk of experiencing voluntary wasted opportunity exit over involuntary negative exit is expected to increase by a factor of 3.09 given the other variables in the model are held constant. The result provides convincing evidence that the financial backup provided by dual-earning household encourages the decision to leave a successful venture early. Moreover, for self-employed living in a household under poverty, the relative risk of experiencing voluntary wasted opportunity exit over involuntary negative exit decreases by a factor of 0.067. A possible interpretation of this finding is that self-employed who are living below poverty in the household have fewer chances of experiencing this form of exit.

Table 4. 11 Average marginal effect AME for Multinomial logistic regression – Financial capital (Individual and household level)

	Predictors	Model :2 AME for Multinomial logistic regression dependent variable- exits made by the self-employed (for Individual and household financial capital (FC) indicators)							
		Involuntary negative exit 1		Voluntary positive exit 2		Involuntary positive 3		Voluntary wasted opportunity 4	
Control variables	Marital status (ref: Married)								
	Single	-0.093*** (0.031)	-0.041 (0.033)	-0.037 (0.028)	0.0114 (0.031)	0.076*** (0.028)	0.010 (0.029)	0.054* (0.027)	0.019 (0.028)
	Health issue (ref. No)								
	Yes	0.054 (0.034)	0.064* (0.031)	0.010 (0.030)	0.016 (0.029)	-0.059* (0.028)	-0.048 (0.030)	-0.005 (0.027)	-0.032 (0.027)
	Sex (ref. Male)								
	Female	0.019 (0.032)	0.008 (0.030)	-0.065** (0.029)	-0.077*** (0.029)	0.035 (0.028)	0.060** (0.028)	0.011 (0.027)	0.008 (0.027)
	Business size (ref: one to two)			0.001 (0.061)		0.091* (0.052)	0.036 (0.062)		
	Greater than two	0.025 (0.068)	0.040 (0.065)		-0.068 (0.054)			-0.115* (0.065)	-0.008 (0.051)
	Regional unemployment rate	-0.023 (0.009)	-0.028*** (0.008)	-0.014* (0.008)	-0.019** (0.008)	0.021*** (0.008)	0.022*** (0.008)	0.0161** (0.007)	0.025*** (0.007)
	Industry classification (ref: Extractive/ manufacturing)								
	Construction	-0.095 (0.087)	-0.101 (0.112)	0.131 (0.093)	0.045 (0.070)	-0.098 (0.063)	0.083 (0.094)	0.062 (0.097)	-0.028 (0.059)
	Distributive hotel restaurant	-0.014 0.078) -	0.010 (0.079)	-0.027 (0.075)	-0.037 (0.061)	0.101 (0.068)	0.104 (0.072)	-0.0594 (0.079) -	-0.077 (0.051)
	Transport and communication	0.026 (0.090	0.065 (0.090)	0.043 (0.089)	-0.077 (0.067)	0.050 (0.079)	0.087 (0.083)	0.067 (0.0909)	-0.074 (0.056)
	Banking, finance and insurance	-0.186* (0.103)	-0.260 (0.195)	0.575*** (0.116)	0.201** (0.095)	-0.152*** (0.052)	0.187 (0.129)	-0.236** (0.093)	-0.129 (0.093)
	Other services	0.124* (0.067)	0.122* (0.066)	-0.049 (0.063)	-0.046 (0.049)	0.086 (0.054)	0.042 (0.064)	-0.160** (0.066)	-0.118*** (0.041)
	Regional dummies	Included	Included	Included	Included	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included	Included	Included	Included	Included
Individual	Fixed FC								
	Perception of satisfaction with income	-0.026*** (0.009)		0.044*** (0.013)		-0.015* (0.007)		0.019*** (0.007)	
	Accumulated FC			0.021*** (0.008)		-0.036*** (0.009)		0.009 (0.010)	
	Earnings from self-employment (logged)	-0.0161 (0.012)							
Household	Fixed FC		-0.025 (0.018)		0.069*** (0.018)		-0.064*** (0.016)		0.0194 (0.0165)
	Value of the property (logged)								
	Accumulated FC								
	Breadwinner[a] (ref Primary)		0.211*** (0.042)		-0.252*** (0.028)		0.173*** (0.045)		-0.132*** (0.027)
	Secondary								
	Spouse employment status (ref unemployed)		0.205*** (0.029)		-0.049* (0.028)		0.066** (0.029)		-0.090*** (0.027)
	Employed								
	In poverty		0.367*** (0.031)		-0.322*** (0.054)		0.149*** (0.029)		-0.194*** (0.049)
		Individual				Household			
	Observations -	917				Observations -	876		
	McFadden's R Square	0.0774				McFadden's R Square	0.1998		
	LR chi2(39)	192.25***				LR chi2(45)	471.55***		

[1]Figures in parentheses are standard errors. *, **, *** Significance at 10, 5 and 1 percent level.

[2]average marginal effects are calculated from the log-odds

[3]McFadden's R square measures the change in the likelihood and does not measure explained variance

The likelihood ratio of chi-square of 192.25 with a p-value<0.00001 indicates that the model as a whole fit significantly better than an empty model (i.e. a model with no predictors)

[a] Primary breadwinners include solo breadwinners Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Table 4. 12 Multinomial logistic regression (RRR) predicting types of self-employed exits- Financial capital- Individual and household level

	Predictors	Model:2 Relative risk ratio (RRR)for Multinomial logistic regression dependent variable-exit made by the self-employed (for individual and household financial capital (FC) indicators)					
		Voluntary positive exit Group 2		Involuntary positive Group 3		Voluntary wasted opportunity Group 4	
Control variables	Marital status (ref: Married) Single	1.117 (0.220)	1.648** (0.396)	1.872*** (0.355)	1.398 (0.293)	1.800*** (0.375)	1.818** (0.463)
	Health issue (ref. No) Yes	0.907 (0.182)	0.942 (0.215)	0.638** (0.129)	0.700* (0.149)	0.831 (0.184)	0.787 (0.196)
	Sex (ref. Male) Female	0.694* (0.136)	0.539*** (0.122)	1.124 (0.211)	1.210 (0.244)	0.989 (0.209)	0.749 (0.185)
	Business size (ref: one to two) Greater than two	0.889 (0.364)	0.558 (0.256)	1.549 (0.772)	0.997 (0.457)	0.527 (0.211)	0.730 (0.371)
	Regional unemployment rate	1.005 (0.055)	1.022 (0.064)	1.187*** (0.066)	1.223*** (0.073)	1.179*** (0.0705)	1.286*** (0.089)
	Industry classification (ref: Extractive/ manufacturing)						
	Construction	2.412 (1.438)	2.075 (1.437)	0.522 (0.489)	2.438 (1.839)	1.899 (1.147)	1.493 (1.057)
	Distributive hotel restaurant	0.923 (0.461) 1.276	0.736 (0.389)	1.792 (1.006) 1.469	1.759 (0.969)	0.839 (0.412)	0.596 (0.318)
	Transport and communication	(0.719)	0.524 (0.314)	(0.984)	1.457 (0.922)	(0.855) (0.503)	0.496 (0.299)
	Banking, finance and insurance	11.420* (12.733)	8.348* (9.706)	9.44e-06 (0.004)	7.346* (8.784)	0.733 (1.082)	1.870 (2.360)
	Other services	0.534 (0.219)	0.416** (0.180)	1.084 (0.529)	0.832 (0.399)	0.313*** (0.127)	0.259*** (0.113)
	Regional dummies	Included	Included	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included	Included	Included
Individual	Satisfaction with income	1.202*** (0.065)		1.005 (0.053)		1.227*** (0.073)	
	Earnings from self-employment (logged)	1.296*** (0.107)		0.877** (0.055)		1.119 (0.094)	
Household	Household wealth (logged)		1.724*** (0.259)		0.812* (0.096)		1.435** (0.229)
	Breadwinner (ref Primary) Secondary		0.070*** (0.023)		0.830 (0.311)		0.095*** (0.034)
	Spouse employment status (ref unemployed) Employed		1.961* (0.730)		2.395** (0.872)		3.089*** (1.326)
	In poverty		0.042*** (0.017)		0.848 (0.181)		0.0666*** (0.028)
			Individual			Household	
	Observations		917			876	
	McFadden's R square		0.0774			0.1843	
	LR chi2(39)		192.25***			434.91***	

In the above model, involuntary negative exit (Group 1) is the reference category (base outcome)

[1]Figures in parentheses are standard errors.

*, **, *** Significance at 10, 5 and 1 percent level.

[2] relative risk ratio (RRR) is calculated from the log-odds

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.4.3.4 Factors Governing Entrepreneurial Exit: Time as an entrepreneurial capital explanation for the four exit conditions

Average marginal effects related to individual and household level indicators of time as an entrepreneurial capital were presented in Table 4-13 to understand its significance in explaining different types of exit conditions. Table 4-14 represents the relative risk ratio (RRR) from the same multinomial logistic regression model specification, which provides in time aspect a comparative analysis between different exit conditions with the base category, involuntary negative exit.

4.4.3.4.1 Involuntary negative exits

Time spend in business is associated with one selected into this group of self-employed who experienced involuntary negative exit. By investing more time in business, the self-employed can reduce the probability of experiencing negative exits by 15.30 percentage points, as can be seen in the first set of average marginal effects (AME) calculated at the individual level in Table 4-13. Furthermore, the home-based business has a 5.80 percentage points higher possibility of facing such exits than those located away from home, indicating the greater vulnerability of those self-employed who prioritise convenience and flexibility over fulfilling their business objectives of running long term successful business.

AME associated with household commitment for this group suggest that providing more hours in housework will significantly increase the possibility for the self-employed to experience involuntary negative exits by 6.61 percentage points. Sharing childcare responsibility by the partner can reduce the possibility of facing this kind of exit by 14.30 percentage points in a significant manner. In addition, young children's presence in the household reduces the possibility of experiencing this kind of exit by 8.70 percentage points significantly.

4.4.3.4.2 Voluntary positive exits

Self-employed who invests long hours in business have a higher likelihood of facing voluntary positive exit; every one unit increase in the number of hours committed to business activities leads to 15.1 percentage points higher possibility of facing a voluntary positive exit. Even though the average marginal effect coefficient indicates less possibility of facing this type of exit for home-owned businesses, the relationship was statistically insignificant.

From Table 4-14 for this exit group, the author can see that the relative risk ratio for the measure, 'self-employed work hours' is significant, indicating that the probability of experiencing voluntary positive exit increases with the time spend on business activities. Every extra hour spent on business activities, the relative risk of someone falling into this group increases by a factor of 3.42. It was observed a significant but opposite association between work location and one making a voluntary positive exit. The results suggest that if one runs the self-employed business from home, the odds of experiencing a voluntary positive exit (compared to an involuntary negative exit) reduce by 25 percentage points in comparison to those whose business is located away from home.

The average marginal effect in Table 4-13 for the household level indicators suggest that providing more hours in housework will reduce the possibility for the self-employed to experience voluntary positive exits by 2.20 percentage points. However, the result was not statistically significant. Moreover, AME associated with children and childcare responsibilities related indicators were observed to provide insignificant evidence while explaining voluntary positive exit conditions.

The RRR in Table 4-14 indicates that if the hours spent in housework (logged) increase by one hour, the relative risk for experiencing voluntary positive exit is expected to decrease significantly by a factor of 0.728. More generally, it can be inferred that when the self-employed individuals take additional hours of housework, they are more likely to face the involuntary negative exit. Although not statistically significant, data from this thesis suggests that the relative risk of facing voluntary positive exit over involuntary negative exit is higher when the self-employed individuals have young children in their households. Even though the RRR for the variable 'childcare responsibility' indicated that an increase in responsibility pushes the self-employed to experience voluntary positive exit, the relationship was not statistically significant. Overall, although the results point to the direction, the insignificant result does not offer statistically convincing evidence to suggest that children and childcare responsibilities set favourable conditions for one to exit from self-employment voluntarily.

4.4.3.4.3 Involuntary positive exits

More time commitment made by the self-employed individual helps the business to perform better and avoid involuntary positive exit. The AME coefficient for this indicator in Table 4-13 suggests that if the number of hours (ln) in business increases by one unit, the chances of one facing involuntary positive exit

reduces by 9.65 percentage points. No significant association was found between the business location and its explanation of this form of exits. From Table 4-14, it can be observed that none of the RRR associated with these individual-level time-based resources (time in business and work location) was found to be statistically significant.

Data in Table 4-13 indicates that an increase in the number of young children in the household would increase the chances of facing involuntary positive exit by 7.7 percentage points. However, the other two household-level indicators of time as an entrepreneurial capital did not influence involuntary positive exit.

Results from Table 4-14 suggest that the presence of young children in the self-employed household positively influence the possibility of one selecting into the group of self-employed who experienced involuntary positive exit. Every additional child in pre-school education age (aged below four years), the relative risk of experiencing involuntary positive exit over involuntary negative exit increases by a factor of 1.85. This finding provides evidence to suggest that young children push self-employed parents out of their business earlier. Even though setting enabling conditions, the association between the number of hours spent on domestic work or taking childcare responsibilities and experiencing involuntary negative exit were not statistically significant. Those taking domestic roles (household work and childcare) have a lower probability of belonging to involuntary positive exit, though the results are not significant.

4.4.3.4.4 Voluntary wasted opportunity exits

AME from Table 4-13 for a time as an entrepreneurial capital at the individual level suggests that home-based businesses have a lower possibility of experiencing this form of exit in comparison to those whose business is located away from home. More specifically, running a business from home has 4.50 percentage points less possibility of facing such exit than those stationed away from home. Moreover, committing long hours in the business enable the self-employed to run a successful business that offers higher returns. It can be seen from the AME coefficient, the prospects of making this form of exit are 9.80 percentage points higher for every one-unit increase in the number of hours spent on self-employed business.

From the results presented in Table 4-14, in relation to the number of hours spent in self-employment business activities, long hours spent in business increase the probability of one experiencing voluntary wasted opportunity; one unit increase in hours increased the probability of exit by a factor of 3.13. Having the privilege to run the self-employed business from home offers the self-employed the necessary flexibility

and thus reduces the probability of one wasting an otherwise successful opportunity by making a voluntary early exit from the business; the probability of facing such exit condition is reduced to 38 percentage points for home-based businesses.

Table 4-13 represents the average marginal effect calculated for different predictors of time as an entrepreneurial capital at the household level suggests that while the presence of young children in the household cannot explain this form of exit, it is the hours in housework given by the self-employed and the assumption of childcare responsibility that determines the probability of a self-employed to face such exit. Data offers support for the fact that providing more hours in housework will reduce significantly the possibility for the self-employed to experience voluntary wasted opportunity exits by 5.33 percentage points. Outsourcing childcare responsibility can reduce the possibility of facing such exit conditions by 16.9 percentage points, whereas the assumption of childcare responsibility by the partner can increase the possibility of such exit by 29.5 percentage points.

RRR in Table 4-14 suggests that for every one hour increase in the time devoted to housework, the relative risk for experiencing voluntary wasted opportunity exit over involuntary negative exit decreases by a factor of 0.580. Thus, increases in the housework hours can significantly reduce the chances of facing this kind of exit by 42% where the business was earning a satisfactory return. Thus, the presence of young children can force the self-employed to leave an economically viable venture early. Increase in the number of young children in a household increases the possibility of experiencing exit by a factor of 1.49. It can also be seen that for the voluntary wasted opportunity group, when the partner assumes the childcare responsibility, the chances of exit is increased by a factor of 5.51 in comparison to the involuntary negative exit group.

Table 4. 13 AME for Multinomial logistic regression predicting self-employed exits- time as an entrepreneurial capital- Individual and household level

	Predictors	Model:3 Average marginal effect (AME) for Multinomial logistic regression dependent variable-exit made by the self-employed (For time as an entrepreneurial capital (time) indicators at individual level and household level)							
		Involuntary negative Group 1		Voluntary positive Group 2		Involuntary positive Group 3		Voluntary wasted opportunity Group 4	
Control variables	Marital status (ref: Married) Single	-0.0789***	(0.027)	-0.072**	(0.030)	-0.0502**	(0.024)	-0.035	(0.027)	0.102***	(0.026)	0.086***	(0.029)	0.027	(0.023)	0.022	(0.025)
	Health issue (ref. No) Yes	0.0593**	(0.028)	0.051	(0.032)	0.017	(0.026)	-0.019	(0.029)	-0.058	(0.025)**	-0.019	(0.029)	-0.018	(0.023)	-0.011	(0.026)
	Sex (ref. Male) Female	-0.010	(0.0279)	-0.004	(0.033)	-0.046*	(0.026)	0.066**	- (0.031)	0.032	(0.026)	0.051*	(0.031)	0.024	(0.025)	0.019	(0.029)
	Business size (ref: one to two) Greater than two	0.024	(0.0565)	0.024	(0.053)	-0.046	(0.053)	0.242***	(0.054)	0.039	(0.051)	-0.159***	(0.034)	-0.017	(0.046)	-0.108***	(0.029)
	Regional unemployment rate	-0.014*	(0.008)	-0.023***	(0.009)	-0.024***	(0.007)	-0.022***	(0.008)	0.028***	(0.007)	0.033***	(0.008)	0.011*	(0.006)	0.013*	(0.007)
	Industry classification (ref: Extractive/ manufacturing)																
	Construction	-0.041	(0.072)	-0.080	(0.088)	0.139*	(0.075)	0.183**	(0.093)	-0.011	(0.067)	-0.066	(0.074)	-0.088	(0.075)	-0.0375	(0.092)
	Distributive hotel restaurant	0.013	(0.062)	-0.014	(0.077)	-0.019	(0.061)	-0.049	(0.071)	0.112*	(0.061)	0.164**	(0.073)	-0.105	(0.067)	-0.1014	(0.076)
	Transport and communication	0.024	(0.071)	0.036	(0.092)	0.037	(0.069)	-0.020	(0.083)	0.038	(0.068)	0.033	(0.0798)	-0.099	(0.073)	-0.049	(0.089)
	Banking, finance and insurance	-0.174**	(0.068)	-0.190**	(0.087)	0.358***	(0.108)	0.465***	(0.119)	0.047	(0.096)	-0.061	(0.091)	-0.231***	(0.084)	-0.214**	(0.095)
	Other services	0.159***	(0.053)	0.121*	(0.066)	-0.036	(0.051)	-0.029	(0.061)	0.082*	(0.048)	0.082	(0.057)	-0.205***	(0.057)	-0.174***	(0.065)
	Regional dummies	Included		Included		Included		Included		Included		Included		Included			
	Year dummies	Included		Included		Included		Included		Included		Included		Included			
Individual	Weekly Hours in business (ln)	-0.153***	(0.038)			0.151***	(0.041)			-0.0965***	(0.034)			0.098***	(0.036)		
	Business location (ref. away from home) Home	0.058**	(0.028)			-0.021	(0.026)			0.008	(0.026)			-0.045*	(0.023)		
Household	Total number of young children (age<4)			-0.087***	(0.032)			-0.007	(0.025)			0.077***	(0.023)			0.017	(0.022)
	Weekly hours in housework			0.066*	(0.018)			-0.022	(0.016)			0.010	(0.016)			-0.053***	(0.014)
	Childcare (ref. no children/ no childcare responsibility at the HH)																
	-Childcare is outsourced			-0.016	(0.183)			0.031	(0.168)			0.154	(0.178)			-0.169***	(0.012)
	-Partner			-0.143***	(0.099)			-0.023	(0.108)			-0.128	(0.083)			0.295**	(0.127)
	-limit work due to childcare			-0.082	(0.087)			0.109	(0.105)			-0.095	(0.068)			0.068	(0.091)
	Level	Individual								Household							
	Observations	1,232								972							
	McFadden's R square	0.0656								0.0835							
	LR chi2(39)	220.15***								220.72***							

[1]Figures in parentheses are standard errors.
*, **, *** Significance at 10, 5 and 1 percent level.
[2]average marginal effects are calculated from the log-odds
[3]McFadden's R square measures the change in the likelihood and does not measure explained variance
The likelihood ratio of chi-square of 220.15 with a p-value<0.00001 indicates that the model as a whole fit significantly better than an empty model (i.e. a model with no predictors)
Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Table 4. 14 RRR for Multinomial logistic regression predicting types of self-employed exits- Time as an entrepreneurial capital- Individual & Household levels

	Predictors	Model:3 Relative risk ratio (RRR)for Multinomial logistic regression dependent variable-exit made by the self-employed (for time as an entrepreneurial capital (time) indicators at individual and household level)					
		Voluntary positive exit Group 2		Involuntary positive Group 3		Voluntary wasted opportunity Group 4	
Control variables	Marital status (ref: Married) Single	1.024 (0.177)	1.067 (0.206)	1.931*** (0.309)	1.819*** (0.335)	1.508** (0.276)	1.459* (0.305)
	Health issue (ref. No) Yes	0.897 (0.155)	0.780 (0.154)	0.648** (0.109)	0.784 (0.150)	0.744 (0.143)	0.788 (0.173)
	Sex (ref. Male) Female	0.835 (0.150)	0.740 (0.156)	1.184 (0.195)	1.275 (0.253)	1.182 (0.230)	1.141 (0.267)
	Business size (ref: one to two) Greater than two	0.754 (0.255)	2.058*** (0.563)	1.099 (0.403)	0.335*** (0.133)	0.829 (0.308)	0.374** (0.162)
	Regional unemployment rate	0.939 (0.045)	0.970 (0.052)	1.177*** (0.055)	1.247*** (0.067)	1.112** (0.059)	1.168** (0.071)
	Industry classification (ref: Extractive/ manufacturing)						
	Construction	1.948 (1.013)	2.634 (1.637)	1.137 (0.704)	0.879 (0.713)	0.917 (0.487)	1.278 (0.825)
	Distributive hotel restaurant	0.850 (0.376)	0.828 (0.431)	1.548 (0.722)	2.136 (1.195)	0.649 (0.277)	0.721 (0.368)
	Transport and communication	1.024 (0.491)	0.794 (0.470)	1.082 (0.584)	1.039 (0.678)	0.633 (0.303)	0.729 (0.417)
	Banking, finance and insurance	11.804** (12.969)	12.545** (14.106)	5.703 (6.671)	2.451 (3.244)	1.584 (1.918)	1.296 (1.688)
	Other services	0.476** (0.174)	0.582 (0.248)	0.834 (0.338)	0.977 (0.477)	0.227*** (0.080)	0.291*** (0.122)
	Regional dummies	Included	Included	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included	Included	Included
Individual	Accumulated time						
	Weekly Hours in business (ln)	3.421*** (0.949)		1.096 (0.234)		3.127*** (0.906)	
	Business location (ref. away from home) Home	0.747* (0.130)		0.861 (0.141)		0.622** (0.122)	
Household	Total number of young children (age<4)		1.272 (0.243)		1.848*** (0.324)		1.494** (0.305)
	Weekly hours in housework		0.728*** (0.080)		0.844 (0.094)		0.578*** (0.071)
	Childcare (ref. no children/ no childcare responsibility at the HH)						
	-Childcare is outsourced		1.147 (1.297)		1.716 (1.657)		1.111 (0.001)
	-Partner		1.683 (1.430)		0.886 (0.838)		5.514** (4.072)
	-limit work due to childcare		2.075 (1.218)		0.807 (0.509)		1.939 (1.217)
			Individual-level			Household-level	
	Observations		1,232			972	
	McFadden's R square		0.0656			0.0835	
	LR chi2(39)		220.15***			220.72***	

In the above model, involuntary negative exit (Group 1) is the reference category (base outcome)

[1]Figures in parentheses are standard errors.

*, **, *** Significance at 10, 5 and 1 percent level.

[2] relative risk ratio (RRR) is calculated from the log-odds

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.5 Section 2: Entrepreneurial exit as it relates to business owners

4.5.1 Analysis 1: Longitudinal Panel regression on dichotomous exit variable- Business Owners' sample

In the first analysis, due to the binary response variable, a series of random effect panel logit regression was employed to estimate whether the probability of an individual making an exit could be influenced by the resources (level and type) business owners have accumulated over their individual, business and household life-courses. The estimation sample uses observations from wave 1 to 8 of Understanding Society (USoc) was restricted only to those business owners who are aged between 16 and 64. The modelling strategy employed in this section is as follows: In the first model (model 1, Table 4-15), various control variables' explanation to business owners' exit from the incorporated business is stated. The role of human capital indicators (both fixed and accumulated) and the control variables is tested in explaining business owners' exits presented in model 2. In Model 3, the contribution of individual and household level financial capital indicators was explored to assess its role in explaining business owners' exits. In the ultimate analysis (Model 4), the explanatory power of various indicators of time as an entrepreneurial capital was explored across individual and household dimensions to find its role in explaining the exit of the business owners. As before, this thesis utilised the average marginal effects (AME) presented in column 2 of each model to report the results. Both the BIC and AIC statistics for different models are calculated and observed to be smaller than the control only model, which justifies (Long and Freese, 2014) and provides positive support (Raftery, 1995) for using those models.

4.5.1.1 Control only indicators

The base model ('model 1', Table 4-15) consists of all the control variables. As shown in Model 1, female business owners had a significantly lower likelihood of experiencing exit. Moreover, business owners associated with large scale ventures had a lower likelihood of experiencing exits. There was no significant difference between single and married business owners in their probability of experiencing exit. Similarly, a business owner's deteriorating health condition seemed to have no significant effect on the likelihood of facing an exit. Results also suggested

that business owners' exits were not primarily influenced by regional and industry characteristics.

4.5.1.2 Human capital Indicators

In model 2 (Table 4-15), indicators of human capital (both fixed and accumulated) were added to explore their impact net of control variables. The estimated coefficient of AME associated with educational credentials indicates that business owners without any formal qualification have a positive and significant association with the exit in reference to highly qualified business owners. Thus, the lower the level of educational credentials, the higher the likelihoods of experiencing exit by the business owners. More specifically, the average marginal effect reveals that the possibility of experiencing exit for business owners without formal education is 7.0 percentage points higher than those with higher educational qualifications. The coefficient of training, a dimension of time-varying human capital, indicates that training had a significantly negative association with the probability of experiencing exit. Receiving training over the life-course would reduce the possibility of facing exit by 5.1 percent than those business owners who did not receive training in the previous wave. A cursory glance at Table 4-15 also reveals that being aged and having previous labour market exposure would reduce the possibility of exit; no statistically significant relationship between exit and age and labour market exposure was obtained.

4.5.1.3 Financial capital indicators

Model 3, presented in Table 4-16, reports the role of both fixed and cumulative financial capital from the individual (Model 3a) and household perspectives (Model 3b) in the exit made by business owners. Both financial capital indicators at the individual level seem to influence business owners' exit, albeit in a different direction. It can be seen from the model 3a in Table 16 that business owners' probability of exit decreases with a higher level of earnings and increases with their perception of satisfaction with income generated from the business. More specifically, if earnings from the business over the life course increases by one logged unit, the chances of exit significantly decrease by 1.61 percentage point ($p<0.001$).In addition, the

chances of exit will be increased by 1.0 percentage points ($p<0.001$) if the business owners' satisfaction with income goes up by one unit.

The second half of Table 4-16 shows the log odds and the average marginal effect (AME) for financial capital indicators from the household perspective. Closer inspection of model 3b shows an increased value of the property used as a proxy for fixed household wealth reduces the probability of experiencing exit, and the relationship is statistically significant. If the household wealth increases by one logged unit, the likelihood of facing exit by the business owners is reduced by 6.3 percentage points as it can provide a financial cushion to the business owners at the time of crisis. The significant negative AME related to secondary breadwinner status in the household suggests that in comparison to the primary breadwinner, the secondary breadwinners' likelihood of experiencing exit is 5.24 percentage points lower than the primary breadwinner's supplements the household income. The result suggests that chances of survival for the business owners are higher when they receive contributions from the household through spousal income from wage employment. Compared to those with unemployed spouses, the chances of experiencing exit were 8.4 percentage points significantly lower for business owners living in the same household with an employed spouse. However, the result yielded no statistically significant relationship between business owners living in poverty households and the likelihood of facing exits from the business by the business owners.

Table 4. 15 Exit of the individual business owners from the business: longitudinal logit regression estimates and average marginal effects for control variables (Model 1) and for human capital (HC) variables (Model 2)

		Model 1 (Control only)		Model 2 (HC-individual level)	
	Predictors	Coefficients log odds[1]	Average marginal effects, AME_2	Coefficients log odds[1]	Average marginal effects, AME_2
Control variables	Marital Status (ref: Married)				
	Single	0.161 (0.149)	0.019 (0.018)	0.119 (0.176)	0.014 (0.020)
	Health issue (ref. No)				
	Yes	0.037 (0.149)	0.005 (0.018)	0.149 (0.170)	0.018 (0.020)
	Sex (ref. Male)				
	Female	-0.254* (0.149)	-0.030* (0.018)	-0.187 (0.169)	-0.022 (0.020)
	Business size (ref: one to two)				
	Greater than two	-0.210*** (0.017)	-0.025*** (0.002)	-0.219*** (0.020)	-.0255*** (0.002)
	Regional unemployment rate	0.068 (0.042)	0.008 (0.005)	0.098* (0.053)	0.011* (0.006)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	0.860*** (0.256)	0.117*** (0.035)	1.077*** (0.302)	0.140*** (0.039)
	Distributive hotel restaurant	0.240 (0.222)	0.030 (0.028)	0.198 (0.258)	0.023 (0.029)
	Transport and communication	0.354 (0.319)	0.045 (0.042)	0.478 (0.376)	0.057 (0.046)
	Banking, finance and insurance	-0.362 (0.418)	-0.041(0.045)	0.092 (0.476)	0.010 (0.054)
	Other services	-0.226 (0.196)	-0.026 (0.023)	0.107 (0.237)	0.012 (0.026)
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
Individual	Fixed HC				
	Qualification (ref: degree and above)				
	Secondary			0.291 (0.184)	0.034 (0.021)
	No formal education			0.570** (0.257)	0.069** (0.032)
	Previous labour market exposure (ref. no)				
	Self-employment experience			-0.553 (0.628)	-0.069 (0.084)
	Work experience			-0.165 (0.663)	-0.022 (0.089)
	Training received since last interview ref: no				
	Yes			-0.458** (0.188)	-.051** (0.020)
	Accumulated HC				
	Age (ln)			-0.493 (0.363)	-0.057 (0.042)
	Constant	-2.810*** (0.411)		-1.159 (1.657)	
	/lnsig2u	0.3647		0.386	
	sigma_u	1.200		1.213	
	Wald chi2	189.90***		162.50***	
	Log pseudolikelihood	-1274.41		965.09	
	Observations	3081		2395	

[1]Figures in parentheses are standard errors. Age[2] though initially considered, eventually excluded due to multicollinearity issues.

*,**,*** Significance at 10, 5 and 1 percent level. [2] Computed from estimates reported in column 1 (log odds)

[3] For human capital, only fixed and accumulated human capital variables at the individual level have been considered. Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8.

Table 4. 16 Exit of the individual business owners from the business: longitudinal logit regression estimates and average marginal effects for financial capital (FC) variables (Model 3a and model 3b)

	Predictors	Model 3a (FC- individual level) Coefficients log odds[1]	Model 3a (FC- individual level) Average marginal effects, AME$_2$	Model 3b (FC- household level) Coefficients log odds[1]	Model 3b (FC- household level) Average marginal effects, AME$_2$
Control variables	Marital Status (ref: Married)				
	Single	0.270 (0.166)	0.032 (0.020)	0.219 (0.327)	0.026 (0.040)
	Health issue (ref. No)				
	Yes	0.103 (0.165)	0.012 (0.019)	-0.009 (0.221)	-0.001 (0.025)
	Sex (ref. Male)				
	Female	0.330* (0.168)	-0.038* (0.019)	-0.056 (0.236)	-0.006 (0.027)
	Business size (ref: one to two)				
	Greater than two	-0.200*** (0.019)	-0.023*** (0.002)	-0.213*** (0.026)	-0.024*** (0.002)
	Regional unemployment rate	0.026 (0.048)	0.003 (0.006)	0.097 (0.063)	0.011 (0.007)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	0.727** (0.283)	0.095** (0.038)	0.620 (0.393)	0.0818 (0.053)
	Distributive hotel restaurant	0.189 (0.248)	0.023 (0.030)	0.102 (0.334)	0.013 (0.041)
	Transport and communication	0.394 (0.354)	0.049 (0.046)	0.048 (0.517)	0.006 (0.064)
	Banking, finance and insurance	-0.306 (0.447)	-0.034 (0.048)	-0.718 (0.608)	-0.079 (0.062)
	Other services	-0.336 (0.220)	-0.037 (0.025)	-0.512* (0.306)	-0.058 (0.036)
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
Individual	Accumulated FC				
	Earnings from self-employment (ln)	-0.140** (0.070)	-0.0161*** (0.008)		
	Satisfied with income	0.084** (0.042)	0.010** (0.005)		
Household	Fixed FC				
	Property Value (ln)			-0.549*** (0.166)	-0.063*** (0.018)
	Accumulated FC				
	Breadwinner[a] (ref. Primary)				
	Secondary			-0.460** (0.206)	-0.0524** (0.0228)
	In poverty			0.212 (0.272)	0.024 (0.033)
	Spouse job status (ref. unemployed)				
	Employed			-0.677** (0.270)	-0.084** (0.035)
	Constant	-1.828** (0.714)		4.786** (2.276)	
	/lnsig2u	0.496		0.668	
	sigma_u	1.281		1.396	
	Wald chi2	151.61***		100.68***	
	Log pseudolikelihood	-1085.74		-618.123	
	Observations	2,693		1,509	

[1]Figures in parentheses are standard errors. Though initially considered, Age^2 eventually excluded due to multicollinearity issues.
*,**,*** Significance at 10, 5 and 1 percent level.
$_2$ Computed from estimates reported in column 1 (log odds) [a] Primary breadwinners include solo breadwinners.
Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.5.1.4 Time as an entrepreneurial capital indicator

From an individual and household level perspective, time as an entrepreneurial capital can significantly affect the business owners' engagement with the venture. Model 4 in Table 4-17 represents the log-odds and AMEs associated with relevant variables across the individual and household dimensions. As before, the effect of time dedicated by the business owners towards the business is treated in an accumulated manner since commitment to the business can change every year, depending on the circumstances both within and beyond the business owners' control. In line with the expectation, it was observed that higher hours in business activity is negatively related to business owners' exit, and the relationship is statistically significant. AME in model 4a suggests the likelihood of exit made by the business owners would be reduced by 12.3 percentage points if there is one unit increase in logged hours the business owners had put in their business. The coefficient of the average marginal effect of work location indicates a significantly higher probability of experiencing exit of business owners than those whose business premises are located away from homes. In comparison to those whose business premises are located away from home, home-based business owners face 7.8 percentage points higher probability of facing the exit from the business. This finding is less surprising if the author considers running a business from home might put too much stress on the business owners who are struggling to find a proper work-life balance and also put a constraint in its growth.

A closer inspection of Model 4b in Table 4-17 implies that the presence of young children would have a positive association with an exit from the household perspective as the business owners have to shift the commitment balance in favour of the household if young children were present in the household. Even though the average marginal effect coefficient was found to be in the expected direction, the relationship was not significant.

From the time as an entrepreneurial capital perspective, weekly hours in housework were observed to be negatively associated with exit when captured dynamically over the life course. Even though the relationship was not statistically significant, the result is somewhat counterintuitive, and it is indicative of a gendered ascription of household roles. It can also be observed from the AME in model 4b that for the business owners, the assumption of childcare responsibility did not significantly affect the probability of experiencing exit from the business in a significant manner.

Table 4. 17 Exit of the individual business owners from the business: longitudinal logit regression estimates and average marginal effects for time as an entrepreneurial capital (time) variable (Model 4a and model 4b)

	Predictors	Model 4a (time-Individual level) Coefficients log odds[1]	Model 4a (time-Individual level) Average marginal effects, AME[2]	Model 4b (time-household level) Coefficients log odds[1]	Model 4b (time-household level) Average marginal effects, AME[2]
Control variables	Marital Status (ref: Married)				
	Single	0.820*** (0.294)	0.067***(0.024)	0.649* (0.367)	0.046* (0.026)
	Health issue (ref. No) Yes	-0.338 (0.270)	-0.027 (0.021)	-0.420 (0.331)	-0.029 (0.023)
	Sex (ref. Male)				
	Female	-0.149 (0.303)	-0.012 (0.024)	0.531 (0.407)	0.038 (0.028)
	Business size (ref: one to two)				
	Greater than two	-5.011*** (0.429)	-0.400*** (0.013)	-6.401*** (0.627)	-0.0566*** (0.025)
	Regional unemployment rate	-0.046 (0.080)	-0.004 (0.006)	-0.023 (0.099)	-0.002 (0.007)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	2.136*** (0.516)	0.179***(0.042)	1.979*** (0.648)	0.146*** (0.046)
	Distributive hotel restaurant	0.252 (0.417)	0.020 (0.034)	-0.485 (0.528)	-0.034 (0.037)
	Transport and communication	1.954*** (0.661)	0.164***(0.055)	2.095** (0.841)	0.154** (0.060)
	Banking, finance and insurance	0.235 (0.821)	0.019 (0.067)	0.253 (1.027)	0.018 (0.075)
	Other services	0.355 (0.379)	0.029 (0.031)	0.452 (0.475)	0.033 (0.034)
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
Individual	Accumulated time				
	Weekly Hours in business (ln)	-1.537*** (0.276)	-0.123*** (0.021)		
	Business location (ref. away from home)				
	Home	0.936*** (0.285)	0.078***(0.024)		
Household	Fixed time				
	Total number of young children (age<4)			-0.370 (0.308)	-0.026 (0.022)
	Accumulated time				
	Weekly hours in housework			-0.077 (0.185)	-0.005 (0.013)
	Childcare (ref. no children/ no childcare responsibility at the HH)				
	-Childcare is outsourced			-0.628 (1.222)	-0.044 (0.083)
	-Partner			-0.960 (1.147)	-0.066 (0.077)
	-limit work due to childcare			1.226 (0.893)	0.088 (0.064)
	Constant	6.666*** (1.400)		2.019* (1.095)	
	/lnsig2u	1.789		2.216	
	sigma_u	2.446		3.028	
	Wald chi2	166.04***		113.07***	
	Log pseudolikelihood	-686.328		-579.996	
	Observations	1857		1563	

[1]Figures in parentheses are standard errors. Age[2] though initially considered, eventually excluded due to multicollinearity issues.

*, **, *** Significance at 10, 5 and 1 percent level.

[2] Computed from estimates reported in column 1 (log odds). Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.5.2 Analysis 2: Multiple regression results for the resource-business owners' duration relationship

In order to understand whether the business owners who are making early exits have different strategies or resources compared to those who are staying in business for longer and then subsequently making an exit, the duration of the business has been used as a dependent variable in this analysis. By using multiple regression analysis, here the intention is to understand the type and level of resources that influence some business owners to remain in business for longer than others before they are eventually making an exit. The regression diagnostics has been attached in Table 4.26 [Annexure 5].

4.5.2.1 Results of the regression model(s)

Similar to analysis 1, the base model ('model 1') in Table 4-18 consists of all the control variables. The effects of all the control variables on the dependent variable (duration of attachment to business ownership) were estimated by utilising a multiple regression analysis. The regression coefficient in model 1 suggests that solo business owners, in comparison to married ones, would have a shorter duration in business ownership. However, the duration will be higher for those business owners associated with larger-sized business measured by employee number. Model 1 also suggests that the duration of business ownership could be influenced by the industry in which the business is positioned.

In model 2, a multiple regression analysis was performed using the same dependent variable (duration of business ownership) and the human capital predictors as independent variables (educational qualification, age of the business owners, previous labour market experience, training received) along with control variables. Results from regression analysis revealed that the model was significantly predicted $F(17, 569) = 8.06$, $p < .001$. In terms of individual relationships between the independent and the dependent variable, the regression coefficient suggests that older ($t = 8.99$, $p < .001$) business owners with secondary ($t=1.69$, $p<0.10$) and without formal education ($t = 2.93$, $p < .001$) could significantly predict their period of attachment to the business. The result suggests that in comparison to those who were highly qualified, the period of association of a business owner with secondary level education and without any formal qualification would be 1.47 and 3.40 times higher, respectively. Also, aged

entrepreneurs, through accumulated life experience, could influence their association with the business positively. As such, for each year increase in the logged age of the business owners, the duration of their association with the business will be significantly higher by a factor of 15.0. No evidence was found for linear associations between the rest of the human capital indicators (namely previous labour market experience and training received since the last interview) and the business owners' duration of business ownership.

In model 3, the relationships between financial capital indicators and their influence on the duration of business ownership were estimated. In Model 3a, the author has performed a standard multiple regression analysis between the dependent variable (duration of the business ownership) and the independent variables (logged earnings from business and the business owners' level of satisfaction with the income generated from the business) related to individual-level financial capital in presence of control variables. Regression results revealed that the model was significantly predicted $F(13, 535) = 2.88$, $p < .001$. In terms of individual relationships between the independent variables and the dependent variable, earnings generated from the business as a proxy of business performance could not significantly predict the business owners' time of association to the business. However, the other financial capital indicator at the individual level, business owners' satisfaction with the income, was observed to be influencing the duration of their association to the business in a significantly positive manner ($t = 1.69$, $p<0.10$), indicating a higher level of satisfaction of the business owners with the income from the business would be a driving factor to continue with the current business.

In model 3b, the author has estimated regression coefficients from multiple regression analysis for the aforementioned dependent variable and independent variables related to financial capital at the household level (logged property value, breadwinner status at the household, employment status of the spouse of the business owners and living in a household below the relative poverty line) along with all control variables. Regression analysis revealed that the model was significantly predicted $F(15, 440) = 4.68$, $p < .001$. In terms of individual relationships between the independent variables and the dependent variable, with the spouse in employment ($t = 2.30$, $p < 0.05$), and an increase in the household wealth proxied by logged property value ($t = 3.45$, $p < 0.01$), could significantly positively influence the period the business owners attached to the business. More specifically, the result suggests that if there were a unit increase in the logged property value, the business owners' attachment to the business would be increased by a factor of 2.53 times. Therefore, with spouses in employment, business owners' association

with the business would be 2.17 times higher than those who had unemployed spouses. The result suggests that the duration of business owners' attachment to the business who maintained secondary breadwinner status in the household would be approximately three times lower in comparison to primary breadwinners. No evidence was found for linear associations between business owners living in poverty households and the duration of their attachment to the businesses ($p>.010$).

In Model 4, this thesis has accommodated the impact of time as an entrepreneurial capital indicator on the dependent variable. With this goal, a multiple regression between the dependent variable (duration of the business owners' attachment to business) and independent variables related to time as an entrepreneurial capital at the individual level (commitment to the business measured by hours in self-employment, and running the business from home) along with control variables was estimated and reported in Model 4a. In terms of individual relationships between the independent variables and the dependent variable, the result indicates that in comparison to those whose businesses were away from home, if the business owners conducted their business from home, their period of association to the business will be 2.05 times higher. However, the result indicated that commitment to the business did not influence the duration of the business owners' association with the business.

While keeping the same dependent variable, the author also attempted to run a multiple regression for different household-level variables related to time as an entrepreneurial capital (assumption of childcare responsibility, presence of young children at the household and number of hours spent in performing household chores) and the same set of control variables. The result from Model 4b indicates that the only household-level indicator that could lower the business owners' period of association to the business was the presence of young children in the household. More specifically, for every additional child under four at the household, the year of association to the business would be reduced significantly by 2.73 times ($p<0.01$). Duration of association of the business owners to the businesses seemed not to be influenced by other time as an entrepreneurial capital household-level indicator.

Table 4. 18 Multiple regression analysis: estimating the role of resources on the duration of business owners attachment to the business

	Control only Model 1	Human capital Model 2	Financial capital Model 3		Time as an entrepreneurial capital Model 4	
		Individual-level	Individual (Model 3a)	Household (Model 3b)	Individual (Model 4a)	Household (Model 4b)
Marital status (ref: Married) Single	-2.177** (0.889)	-.2037 (0.864)	-2.154** (0.920)	-0.883 (1.088)	-2.058** (0.894)	-2.084** (0.914)
Health issue (ref. No) Yes	1.0426 (0.962)	-0.140 (0.909)	1.559 (0.996)	0.967 (1.060)	0.701 (0.969)	0.704 (0.993)
Sex (ref. Male) Female	-0.361 (0.927)	-0.369 (0.870)	-0.454 (0.971)	0.145 (1.042)	-0.893 (0 .966)	0.336 (1.017)
Business size (ref: one to two) Greater than two	3.215*** (1.213)	2.504 (1.152)	2.181* (1.320)	2.650** (1.312)	3.636*** (1.235)	3.529*** (1.244)
Regional unemployment rate	-0.055 (0.255)	-0.142 (0.241)	-0.038 (0.265)	0.106 (0.288)	-0.098 (0.256)	-0.103 (0.259)
Industry classification (ref: Extractive/ manufacturing) Construction Distributive hotel restaurant Transport and communication Banking, finance and insurance Other services	-0.850 (1.400) -3.836*** (1.351) -3.203* (1.808) -6.914** (2.709) -3.445*** 1.188	-0.301 (1.328) -2.776** (1.274) -3.300* (1.709) -5.055** (2.539) -2.632** (1.147)	-1.413 (1.483) -4.288*** (1.405) -4.399** (1.926) -8.040*** (0.735) -4.207*** (1.243)	0.718 (1.567) -2.663* (1.529) -1.529 (2.003) -7.905*** (2.704) -3.547*** (1.355)	0.004 (1.439) -3.128** (1.378) -3.115* (1.831) -6.909** (2.707) -3.297*** (1.209)	-1.047 (1.437) -4.554*** (1.391) -3.552* (1.866) -7.390*** (2.761) -4.225*** (1.214)
Regional dummies	Included	Included	Included	Included	Included	Included
Year dummies	Included	Included	Included	Included	Included	Included
HC Indicators – individual level						
Qualification (ref: degree and above) Secondary No formal education		1.470* (0.871) 3.402*** (1.159)				
Previous labour market exposure (ref. no) Self-employment experience Work experience		-2.289 (1.756) -3.264 (2.172)				
Age (ln)		14.998*** (1.667)				
Training received since last interview (ref: no) Yes		0.254 (1.034)				
Earnings from self-employment (ln)			0.290 (0.423)			
Satisfied with income			0.427* (0.253)			
FC Indicators – individual and household level						
Property Value (ln)				2.527** (0.673)		
Accumulated FC Breadwinner[a] (ref. Primary) Secondary				-2.953*** (1.046)		
In poverty				0.932 (1.266)		
Spouse job status (ref. unemployed) Employed				2.165** (0.994)		
Time as an entrepreneurial capital indicator – individual and household level						
Weekly Hours in business (ln)					-0.507 (0.707)	
Business location (ref. away from home) Home					2.049** (0.907)	
Total number of young children (age<4)						-2.734*** (0.898)
Weekly hours in housework						-0.271 (0.441)
Childcare (ref. no children/ no childcare responsibility at the HH) -Childcare is outsourced -Partner -limit work due to childcare						-3.169 (3.512) -0.787 (4.061) -0.222 (2.489)
Number of observations	594	587	549	456	589	550
Adjusted R-squared	0.0359	0.1699	0.0426	0.1083	0.0392	0.0536
F	3.01*** (11, 582)	8.06*** (17, 569)	2.88*** (13,535)	4.68*** (15,440)	2.84*** (13, 575)	2.95*** (16, 533)

4.5.3 Analysis 3: Multinomial logit regression on different exit conditions-Business owners' sample

When the same criteria (return from the business in the year before making an exit and the tenure of the business) was utilised, it resulted in various exit categories for business owners. The details are depicted in Table 4-19: -

Table 4. 19 Exit categories

Group #	Type of exit	Duration	Return*	Frequency	Percentage
1	Involuntary negative exit	greater than 42 months	less than the median income	162	25.55
2	Voluntary positive exit	greater than 42 months	higher than the median income	220	34.70
3	Involuntary positive exit	shorter than 42 months	less than the median income	126	19.87
4	Voluntary wasted opportunity	shorter than 42 months	higher than the median income	126	19.87
*at the time of exit			total	634	

The following analysis presents the resource and the demand criteria associated with each of the four forms of exits experienced by business owners, as discussed above. The same multinomial logit estimation as before has been utilised for analysing the data. However, to be consistent with the previous analysis done for the self-employed, the 'Involuntary negative exit' group has been selected as the base category even though it is the second-most populous among all the exit groups. As before, average marginal effects and relative risk ratio will help the author to compare different forms of exits to identify the driving forces behind each of these exits and explain the difference between 'positive' vs 'negative exits made by the business owners.

4.5.3.1 Regression diagnostics

The assumption of independence of irrelevant alternatives (IIA) has been tested for different models by performing the Hausman McFadden (HM) test (Hausman and McFadden, 1984) and the Small-Hsiao (SH) test (Small and Hsiao, 1985). None of the test statistics is found to

be significant, indicating the appropriateness of MNLM used for estimating exit conditions faced by business owners.

4.5.3.2 Factors governing business owners' exit: Human Capital explanation for the four exits conditions

Table 4-20 demonstrates the average marginal effects (AME) along with standard errors (in brackets) resulting from multinomial logistic regression to facilitate meaningful interpretations of the relative role of individual-level human capital indicators explaining different exit conditions for the business owners. Table 4-21 displays the RRR (relative risk ratio) resulting from the same multinomial logistic regression for human capital indicators and the control variables to facilitate interpretations of results.

In the discussion provided below, the author has combined data from both Table 4-20 (reporting AME) and Table 4-21 (reporting RRR) (and in the remaining discussion as related to financial capital and time as a resource) to provide (a) a full account of the resource considerations for each form of exit (data from Table 4-20), and (b) an explanation of the resource considerations for each form of exit measured to the reference group, involuntary negative exit (data from Table 4-21). This thesis could not provide an explanation for the involuntary negative exit from the RRR perspective, which was itself the reference group in this analysis.

4.5.3.2.1 Involuntary negative exits

The average marginal effect suggests those business owners whose exits classified in this study as involuntary negative exits were influenced by the static level of human capital indicator only. Compared to those with higher credentials, business owners with secondary qualifications had 8.3 percentage points, and those without any formal qualification had an even higher 19.3 percentage points likelihood of experiencing such exit, emphasising that business owners with higher-level education have a lower possibility of having this negative experience of exit. However, none of the AME associated with other static and dynamic human capital indicators (i.e. having previous labour market exposure or training, being aged) significantly influences this form of exit.

4.5.3.2.2 Voluntary positive exit

The AME associated with those who voluntarily left the business following positive financial returns (voluntary positive exit) in Table 4-20 suggests that business owners who were aged would make more of this type of exit. The chances of experiencing voluntary positive exit will be increased by 30.6 percentage points if age(ln) is increased by one unit, denoting the importance of age as a proxy for accumulated human experience. No statistically significant relationship was found between this type of exit condition and business owners' educational credentials, previous labour market exposure and training received by them.

It can also be seen from the RRR in Table 4-21 that compared to those who stayed longer in business with minimal returns (involuntary negative exit), those who voluntarily left the business with positive financial returns (voluntary positive exit) reported a higher level of human capital demonstrated through educational qualification. Compared to those with a degree and above qualification, the likelihood of experiencing this form of exit was 55% lower (RRR=0.45, $p<0.10$) for those business owners with no formal education. What stands out in this data is that in comparison to those without formal credentials, business owners with higher credentials were more likely to face voluntary positive exits than involuntary negative exits. The result also suggested that neither the training received by the business owners nor the previous labour market exposure, and life experience, could significantly explain this form of exit.

4.5.3.2.3 Involuntary positive exits

A cursory glance at Table 4-20 reveals that aged entrepreneurs would have reduced the possibility of being included in the exit group where business owners involuntarily left the business with lower financial returns (involuntary positive exit). More specifically, the possibility of facing this type of exit would be reduced by 30.72 percentage points if age(ln) increased by one unit, indicating business owners who were younger opted for such exits. However, no significant correlations were obtained between AME associated with other human capital indicators and involuntary positive exits.

RRR from Table 4-21 reveals that in comparison to those who stayed longer in business despite little returns (involuntary negative exit), those who involuntarily left the business with lower financial returns (involuntary positive exit) are younger, reported a higher level of human capital demonstrated through credentials. Specifically, the relative risk of experiencing involuntary positive exit is reduced by a factor of 0.10, for each one-unit increase in age (ln). Moreover, the relative risk of experiencing involuntary positive exit was lower for business owners with no formal qualification compared to those with the degree and above qualification. Business owners with no formal education had a 61 % lower risk of encountering involuntary positive exit compared to those who had the degree and above qualification. This form of exit was not influenced by previous labour market experience and training received at the previous wave.

4.5.3.2.4 Voluntary wasted opportunity exits

A closer inspection of Table 4-20 shows that business owners who voluntarily left the business with positive financial returns within a short period (voluntary wasted opportunity exit) can be influenced by both fixed and accumulated level of human capital indicators in a significant manner. In comparison to highly educated business owners, those with secondary level education and no formal education had 13.78 and 14.50 percentage points, respectively lower possibility of facing such exit, indicating people with lower credentials would not be able to face such exits. Furthermore, aged business owners would not make this kind of exit decision as one unit increase in the logged age would significantly reduce the possibility of facing such exit by 12.57 percentage points.

The calculated RRR from Table 4-21 suggests that compared to those who stayed longer in business with little returns (involuntary negative exit), those who made voluntary wasted opportunity exits were younger and reported a higher level of human capital demonstrated through credentials. According to the data presented in Table 4-21, after holding other possible exit explanations constant, those self-employed with secondary and without any formal educational qualification had a significantly lower risk of facing voluntary wasted opportunity exit condition in comparison to those who are highly educated. More specifically, compared to degree and above qualification holders, business owners with secondary level education 67% less likely to encounter this form of exit, and those without any formal education had 78%

fewer chances of facing such exits. What is interesting about these figures is that business owners with high credentials will depart from a successful business if they sense even more excellent prospects outside. Thus, if the logged age of the business owners increased by one unit, it will deter their possibility of making such exit by 74 % in comparison to those business owners who stayed long despite earning a poor return from the business. The business owners' previous labour market experience and training did not seem to influence this form of exit.

Table 4. 20 AME for Multinomial logistic regression - Human capital

	Predictors	Model:1 AME for Multinomial logistic regression Dependent variable-Types of exit made by the business owners (for Individual Human Capital indicators)			
		Involuntary negative 1	Voluntary positive exit 2	Involuntary positive 3	Voluntary wasted opportunity 4
Control variables	Marital status (ref: Married)				
	Single	-0.0509 (0.038)	-0.0331 (0.043)	0.0049 (.0354)	0.0790** (0.039)
	Health issue (ref. No)				
	Yes	-0.0378 (0.040)	0.0388 (0.045)	0.0382 (0.040)	-0.0392 (0.037)
	Sex (ref. Male)				
	Female	0.0023 (0.040)	-0.0359 (0.043)	0.0638* (0.038)	-0.0514 (0.034)
	Business size (ref: one to two)	-0.0521 (0.0480)			
	Greater than two		0.1496** (0.059)	-0.0607 (0.043)	-0.0367 (0.044)
	Regional unemployment rate	0.0168 (0.010)	-0.0193 (0.012)	-0.0016 (0.009)	0.0041 (0.010)
	Industry classification (ref: Extractive/ manufacturing)				
	Construction	-0.1020* (0.059)	0.0399 (0.066)	0.1315** (0.053)	0.0105 (0 .057)
	Distributive hotel restaurant	0.0038 (0.063)	-0.1419** (0.062)	0.1311*** (0.049)	0.0070 (0.054)
	Transport and communication	-0.1732** (0.068)	-0.0907 (0.082)	0.1476** (0.075)	0.1163 (0.080)
	Banking, finance and insurance	-0.3202*** (0.045)	0.1966 (0.128)	0.0933 (0.105)	0.0302 (0.104)
	Other services	-0.0786 (0.055)	0.0182 (0.059)	0.0789* (0.041)	-0.0186 (0.046)
	Regional dummies	Included	Included	Included	included
	Year dummies	Included	Included	Included	included
Individual	Fixed HC				
	Qualification (ref: degree and above)				
	Secondary	0.0832** (0.038)	0.0349 (0.043)	0.0199 (0.036)	-0.1378*** (0.037)
	No formal education	0.1929*** (0.056)	-0.0192 (0.056)	-0.0288 (0.047)	-0.1450** (0.047)
	Previous labour market exp. (ref. no)				
	Self-employment experience	0.0071 (0.061)	-0.0921 (0.071)	0.0370 (0.053)	0.0480 (0.057)
	Work experience	-0.0928 (0.078)	-0.0569 (0.097)	0.0913 (0.076)	0.0586 (0.078)
	Training received since last interview (ref: no)				
	Yes	.0113 (0.049)	-0.0121 (0.052)	-0.0584 (0.039)	0.0592 (0.046)
	Accumulated HC				
	Age (ln)	0.1273 (0 .078)	0.3057*** (0.085)	-0.3072*** (0.063)	-0.1258* (0 .065)
	Observations	618			
	McFadden's R square	0.0835			
	LR chi2(51)	139.86***			

[1]Figures in parentheses are standard errors.

*, **, *** Significance at 10, 5 and 1 percent level.

[2]average marginal effects are calculated from the log-odds

[3]McFadden's R square measures the change in the likelihood and does not measure explained variance

The likelihood ratio of chi-square of 139.86 with a p-value<0.00001 indicates that the model as a whole fit significantly better than an empty model (i.e. a model with no predictors)

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Table 4. 21 Multinomial logistic regression (RRR) predicting types of business owners' exits for Individual Human Capital indicators

	Predictors	Model:1 Relative risk ratio (RRR)for Multinomial logistic regression Dependent variable-Types of exit made by the business owners (for Individual Human Capital indicators) Voluntary positive exit Group 2	Involuntary positive Group 3	Voluntary wasted opportunity Group 4
Control variables	Marital status (ref: Married)			
	Single	1.134 (0.299)	1.312 (0.387)	1.895** (.5561)
	Health issue (ref. No)			
	Yes	1.313 (0.344)	1.425 (0.442)	0.943 (0.309)
	Sex (ref. Male)			
	Female	0.809 (0.205)	1.259 (0.370)	0.679 (0.204)
	Business size (ref: one to two)			
	Greater than two	1.870* (0 .613)	0.846 (0.359)	1.001 (0.411)
	Regional unemployment rate	0.880* (0.062)	0.926 (0.0753)	0.953 (0.078)
	Industry classification			
	(ref: Extractive/ manufacturing)			
	Construction	1.324 (0.482)	3.585*** (1.728)	1.648 (0.737)
	Distributive hotel restaurant	0.6089 (0.216)	2.375* (1.08)	1.066 (0.450)
	Transport and communication	1.6922 (0.902)	5.991*** (3.855)	4.0241** (2.352)
	Banking, finance and insurance	0.2165 (0.552)	0.280 (0.253)	0.173 (0.223)
	Other services	1.4021 (0.438)	2.422** (1.065)	1.229 (0.4709)
	Regional dummies	Included	included	included
	Year dummies	Included	included	included
Individual	Fixed HC			
	Qualification (ref: degree and above)			
	Secondary	0.7609 (0.197)	0.739 (0.219)	0.331*** (0.099)
	No formal education	0.4533** (0.146)	0.389** (0.156)	0.216*** (0.088)
	Previous labour market exp. (ref. no)			
	Self-employment experience	0.7553 (0.280)	1.245 (.605)	1.327 (0.702)
	Work experience	1.3792 (0.784)	2.699 (1.769)	2.364 (1.670)
	Training received since last interview ref: no			
	Yes	0.9261 (0.287)	0.677 (0.255)	1.2795 (0.445)
	Accumulated HC			
	Age (ln)	1.480 (0.788)	0.099*** (0.056)	0.264** (0.153)
	Observations		618	
	McFadden's R square		0.0835	
	LR chi2(51)		139.86***	

In the above model, involuntary negative exit (Group 1) is the reference category (base outcome)

[1]Figures in parentheses are standard errors. *, **, *** Significance at 10, 5 and 1 percent level.

[2] relative risk ratio (RRR) is calculated from the log-odds Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.5.3.3 Factors Governing Business Owners' Exit: Financial Capital explanation for the four exit conditions

In order to assess the relative role of individual and household level financial capital indicators in explaining different forms of exit experienced by the business owners, Table 4-22 presents the average marginal effect (AME) calculated from the multinomial logistic regression for financial capital indicators. In Table 4-23, the RRR values associated with the same financial capital indicators were reported to compare different exit conditions with respect to the reference group.

4.5.3.3.1 Involuntary negative exit

For involuntary negative exit, the first set of marginal effects related to earnings from business (logged) reduces the chances of facing involuntary negative exit by 17.6 percentage points significantly, a testament to the importance of earnings in the continuity of business operation. The sign of AME associated with the level of satisfaction with income earned by the business owners was, though, in the expected direction, no significant association was found for this relationship.

The AME related to financial capital indicators at the household level suggests that business owners who maintained secondary breadwinner status in the household in comparison to primary one had 11 percentage points more significant possibility in facing involuntary negative exits as many of them maintain that status for the convenience of flexibility. For these business owners, an increase in household wealth can reduce the possibility of facing this type of involuntary exits by providing liquidity. If the household wealth (proxied by the value of the property) increases by one unit, the chances of making this type of exit are reduced significantly by 5.41 percentage points. A possible interpretation of this finding is that wealthy business owners could avoid this form of exit, possibly through additional business investments obtained through utilising the house as collateral. Moreover, with the spouse in employment, these business owners had 14 percentage points higher possibility of facing this type of exit in comparison to those with unemployed spouses. This figure emphasises that the contribution from an employed spouse in the household can be crucial in making the penultimate decision of detaching from a non-performing venture. Thus business owners associated with non-performing businesses might look for other labour market opportunities if they live in a household with their spouse in wage employment. It can also be seen that business owners living in poverty had 23 percentage points significantly higher possibility of experiencing involuntary negative exit compared to those who are out of poverty.

4.5.3.3.2 Voluntary positive exit

For those successful, mature business owners who made an exit despite earning good returns, an increase in both the financial indicators at the individual level increases their chances of facing such an exit. More specifically, the chances of making a voluntary positive exit are significantly increased by 20.0 percentage points for each unit increase in logged earnings from the business. In addition, business owners' association with a voluntary positive exit is significantly increased by 2.25 percentage points if there is a one-unit increase in the self-reported measure of the level of satisfaction with respect to their income from the business.

The results of the multinomial logistic regression in the form of RRR in Table 4-23 suggest that in comparison to those business owners who stayed in business for long without earning a positive return but eventually made an exit, matured and economically successful business owners' exit is highlighted by the positive return from business and business owners' self-reported measure of the higher level of satisfaction with the income. More specifically, it can be said that if the logged earning was increased by one unit, the relative risk for voluntary positive exit relative to involuntary negative exit would be expected to increase by a factor of 9.32, given that the other variables in the model are held constant. Thus, given an increase in logged earnings from the business, the author would expect those business owners to experience a voluntary positive exit over an involuntary negative exit. Furthermore, if a business owners' self-reported measure of the level of satisfaction with income increased by one unit, the relative risk for preferring voluntary positive exit over involuntary negative exit is expected to increase significantly by a factor of 1.17 given the other variable in the models are held constant.

The AME related to household-level indicators from Table 4-22 suggests that this kind of exit is made by those business owners who experienced an increase in household wealth, were primary breadwinners, and came from a household not associated with poverty. The second set of analyses indicates that business owners with secondary breadwinner status have 27.0 percentage points significantly less possibility of facing voluntary positive exits than primary breadwinners. For these business owners, a one-unit increase in household wealth (logged) can increase the possibility of facing this type of exits by 13.0 percentage points as the house equity can be used as collateral to secure additional funding. However, with spouse in employment, the self-employed even though had a lower possibility of facing this type of exit, result was observed to be statistically insignificant. Moreover, those who were living below the relative household poverty had 31.0 percentage points significantly lower possibility of experiencing this type of exit in comparison to those who were out of poverty.

The RRR calculated for household-level financial capital in Table 4-23 suggests that in comparison to involuntary negative exit, the chances of experiencing the voluntary positive exit are positively influenced by the business owners who experience an increase in household wealth and negatively associated with the spouse being in wage employment, maintaining secondary breadwinner status and living in a poverty household. This comparative analysis suggests that an increase in logged household wealth by one unit would increase the relative risk for experiencing voluntary positive exit relative to involuntary negative exit by a factor of 2.4, given all other variables held constant. More generally, it can be said that business owners from wealthier households are more likely to face this type of exit over the involuntary negative exit. As Table 23 shows, the relative risk of experiencing a voluntary positive exit over an involuntary negative exit decreases by a factor of 0.18 for a business owner maintaining a secondary breadwinner status relative to a primary breadwinner. Thus, secondary breadwinners in comparison to primary ones are less likely to experience voluntary positive exit over involuntary negative exits. For those business owners who lived with a spouse in wage employment (relative to being unemployed), the relative risk of experiencing voluntary positive exit over involuntary negative exit would be expected to decrease by a factor of 0.44 given the other variables in the model are held constant. Hence, business owners with spouses in employment compared to those with unemployed spouses were less likely to experience voluntary positive exits to involuntary negative exits. The other most striking difference observed is in relation to household poverty measures. The relative risk of experiencing voluntary positive exit over involuntary negative exit would be expected to decrease significantly by a factor of 0.058 if the business owners lived in a household under poverty after other potential exit conditions are controlled for.

4.5.3.3.3 Involuntary positive exits

The AME associated with financial capital indicators at the individual level explaining involuntary positive exit conditions experienced by the business owners suggests that higher earnings from the business could reduce the possibility of experiencing involuntary positive exit. More specifically, an increase in earnings from business (logged) can significantly reduce the likelihood of exit by 16.0 percentage points. A higher level of satisfaction about income could reduce the chance of facing such an exit by 1.10 percentage points, though the result is not significant. Thus, lower earnings from business and resulting low satisfaction with income might influence the membership of this form of exit.

The RRR values from Table 4-23 suggest that in comparison to those who made an unsuccessful negative exit, business owners who made an early exit after a dismal performance was characterised by lower return

and lower level of satisfaction with income. However, none of this association was found to be statistically significant.

The average marginal effect related to household-level financial capital for the business owners who experienced involuntary positive exits are presented in Table 4-22. Data from Table 4-22 indicates that business owners, experiencing an increase in household wealth could decrease the possibility of facing this type of exits. The data suggest that for each one-unit increase in logged earnings from the business, the chances of making such exits are reduced by 8.5 percentage points. The analysis also suggests that business owners maintaining secondary breadwinner status had 20.8 percentage points significantly higher possibility in facing involuntary positive exits in comparison to the primary one. Being positioned in a dual-earning household, it did not take more time for them to decide the fate of this unsuccessful venture. Moreover, business owners whose spouses were employed can increase the possibility of facing the involuntary negative exit, though the relationship was not statistically significant. Closer inspection of the table suggests that business owners who are unfortunate to be part of a household living below poverty thresholds have by 22.7 percentage points higher possibility of experiencing this type of exit points in comparison to those who were out of poverty.

The RRR for this exit group in comparison to involuntary negative exit is presented in Table 4-23. Closer inspection of the table shows that if the business owners experience a one-unit increase in the logged value of household wealth, the relative risk for experiencing involuntary positive exit relative to involuntary negative exit would be expected to decrease. However, the relationship was not statistically significant. Also, it is apparent from this table if the business owners' spouse were in employment, the relative risk for the business owners to experience involuntary positive exit relative to involuntary negative exit would be expected to decrease by 40.0 percentage points when compared to the reference group. This finding suggests that having a complementary income source in the household would give more discretion to the business owners to give another chance to the non-performing business. Maintaining a secondary breadwinner status can positively influence the exit decision of the business owners of a non-performing business. More specifically, in relation to the primary breadwinner, the chances of experiencing this kind of exit by the business owners maintaining secondary breadwinner status are significantly positively higher by a factor of 2.77 when compared to the reference group. However, data could not support the association between living in a household associated with poverty and experiencing involuntary positive exit conditions in a significant manner.

4.5.3.3.4 Voluntary wasted opportunity exit

The voluntary wasted opportunity exits made by those business owners who, even though earned an above-average return, did not stay longer to reap the benefit from the continuous operation of the venture. What stands out in Table 4-22 is that higher earnings from business (logged) can increase the chances of making a voluntary wasted opportunity exit. More specifically, the chances of making such an exit will be 13.7 percentage points higher when the logged earning from the business is increased by one unit. However, the AME associated with the business owners' self-reported measure of the level of satisfaction with income and its association with this type of exit was found not to be statistically significant.

RRR values in Table 4-23 suggest that in comparison to involuntary negative exits, the likelihood of experiencing voluntary wasted opportunity exit condition by the business owners is expected to increase by a factor of 9.571 if the logged earnings from self-employment increase by one unit, given the other variables in the model are held constant. However, even though an individual's self-reported measure of the level of satisfaction about income could increase the relative risk for preferring voluntary positive exit over involuntary negative exit was expected to increase by a factor of 1.078, the relationship was observed not to be statistically significant.

Table 4-22 shows AME associated with household-level financial indicators suggest that business owners who made an exit shortly despite making higher return had unemployed spouses and were not living in a household under poverty. Having their spouses in employment, these business owners had 13.7 percentage points significantly lower possibility of experiencing this form of exit in comparison to those whose spouses were unemployed. Moreover, business owners living in a poverty household had 14.9 percentage points significantly lower possibility of experiencing this type of exit in comparison to those who are out of poverty. However, the results did not find any conclusive evidence in support of this form of exit to be influenced by business owners maintaining secondary breadwinner status and living in a wealthy household.

The RRR from Table 4-23 calculated for the same household-level financial indicators suggest that business owners maintaining a secondary breadwinner status in the household and with the spouse in employment will face a reduced possibility of facing such exit. More specifically, secondary breadwinners have a 67% lower possibility of facing such exits as those business owners want to continue their operation as the

business was performing well. With a spouse in employment, the relative risk of facing such exits is 77% lower in comparison to those business owners living with an unemployed spouse. However, these individuals' relative risk of making such an exit will be increased by a factor of 1.56 significantly if the logged property value increases by one unit. Moreover, compared to involuntary negative exits, business owners from this exit form who were living in poverty households have 87% lower possibility of making such exit compared to those who were out of poverty. This indicates business owners will continue to maintain their association with the well-performing business enabling them to come out from poverty.

Table 4. 22 Average marginal effect AME for Multinomial logistic regression – Financial capital (Individual and household level)

	Predictors	Model :2 AME for Multinomial logistic regression dependent variable- exits made by the business owners (for individual and household financial capital (FC) indicators)							
		Involuntary negative exit		Voluntary positive exit		Involuntary positive		Voluntary wasted opportunity	
		1		2		3		4	
Control variables	Marital status (ref: Married)								
	Single	-0.0624* (0.036)	-0.060 (0.038)	-.0008** (0.039)	-0.007 (0.042)	0.0461 (0.0355)	0.0131 (0.035)	0.099*** (0.037)	0 .0538 (0.040)
	Health issue (ref. No)								-0.0558 (0.037)
	Yes	0.0012 (0.040)	0.003 (0.041)	0.069 (0.044)	0.0299 (0.042)	-0.0107 (0.037)	0.023 (0.039)	-0.060 (0.038)	
	Sex (ref. Male)								
	Female	-0.031 (0.038)	0.0278 (0.040)	0.0564 (0.043)	-0.005 (0.0411)	-0.008 (0.036)	0.036 (0.037)	-0.017 (0.038)	-0.0596 (0.037)
	Business size (ref: one to two)								
	Greater than two	-0.037 (0.054)	-0.0225 (0.048)	0.100* (0.059)	0.120** (0.057)	-0.008 (0.052)	-0.064 (0.043)	-0.056 (0.047)	-0.0329 (0.048)
	Regional unemployment rate	0.0121 (0.011)	0.0175 (0.011)	-0.003 (0.011)	-0.007 (0.011)	-0.010 (0.010)	-0.008 (0.010)	0.001 (0.010)	-0.0028 (0.0104)
	Industry classification (ref: Extractive/ manufacturing)								
	Construction	-0.0890 (0.061)	-0.081 (0.062)	-0.032 (0.065)	-0.023 (0.062)	0.108** (0.053)	0.126** (0.054)	0.014 (0.055)	-0.023 (0.053)
	Distributive hotel restaurant	-0.0556 (0.058)	-0.040 (0.061)	-.0140** (0.060)	-0.108*** (0.060)	0.140*** (0.048)	0.119** (0.049)	0.056 (0.056)	0.029 (0.057)
	Transport and communication	-0.164** (0.073)	-0.157** (0.074)	-0.115 (0.081)	-0.073 (0.078)	0.141* (0.072)	0.126* (0.073)	0.138* (0.081)	0.104 (0.079)
	Banking, finance and insurance	-0.332*** (0.042)	-0.321*** (0.044)	0.067 (0.130)	0.071 (0.123)	0.198 (0.120)	0.200 (0.123)	0.068 (0.111)	0.049 (0.116)
	Other services	-0.1167** (0.051)	-0.119** (0.053)	-0.010 (0.055)	0.011 (0.054)	0.096** (0.041)	0.083** (0.042)	0.030 (0.047)	0.025 (0.049)
	Regional dummies	Included	Included	Included	Included	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included	Included	Included	Included	Included
Individual	Fixed FC								
	Perception of satisfaction with income	-0.009 (0.009)		.0225** (0.011)		-0.011 (0.009)		-0.0024 (0.010)	
	Accumulated FC								
	Earnings from business (logged)	-0.176*** (0.016)		0.199*** (0.021)		-0.160*** (0.015)		0.137*** (0.020)	
Household	Fixed FC								
	Value of the property (logged)		-0.054* (0.030)		0.126*** (0.031)		-0.085*** (0.027)		0.013 (0.028)
	Accumulated FC								
	Breadwinner[a] (ref Primary)								
	Secondary		0.109*** (0.035)		-0.266*** (0.047)		0.208*** (0.029)		-0.051 (0.044)
	Spouse employment status (ref unemployed)								
	Employed		0.140*** (0.039)		-0.012 (0.040)		0.01074 (0.036)		-0.137*** (0.036)
	In poverty		0.230*** (0.052)		-0.308*** (0.036)		0.227*** (0.049)		-.0149*** (0.035)
			Individual				Household		
	Observations -		549				578		
	McFadden's R Square		0.2066				0.1678		
	LR chi2(39)		309.40***				263.74***		

[1]Figures in parentheses are standard errors. [2] average marginal effects are calculated from the log-odds. *, **, *** Significance at 10, 5 and 1 percent level.

[3]McFadden's R square measures the change in the likelihood and does not measure explained variance

The likelihood ratio of chi-square of 309.40 with a p-value<0.00001 indicates that the model as a whole fit significantly better than an empty model (i.e. a model with no predictors)

[a] Primary breadwinners include solo breadwinners Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Table 4. 23 Multinomial logistic regression (RRR) predicting types of business owners' exits- Financial capital- Individual and household level

	Predictors	Model:2 Relative risk ratio (RRR)for Multinomial logistic regression dependent variable-exit made by the business owners (for financial capital (FC) indicators at the individual and household level)					
		Voluntary positive exit Group 2		Involuntary positive Group 3		Voluntary wasted opportunity Group 4	
Control variables	Marital status (ref: Married)						
	Single	1.034 (0.320)	1.345 (0.410)	1.663* (0.492)	1.410 (0.431)	2.129** (0.685)	1.766* (0.555)
	Health issue (ref. No)						
	Yes	1.255 (0.403)	1.057 (0.317)	0.934 (0.298)	1.097 (0.352)	0.740 (0.274)	0.719 (0.242)
	Sex (ref. Male)						
	Female	1.506 (0.476)	0.808 (0.238)	1.086 (0.330)	1.071 (0.323)	1.158 (0.400)	0.616 (0.194)
	Business size (ref: one to two)						
	Greater than two	1.749 (0.779)	1.825 (0.696)	1.117 (0.520)	0.727 (0.318)	0.970 (0.488)	1.037 (0.444)
	Regional unemployment rate	0.939 (0.081)	0.897 (0.073)	0.903 (0.078)	0.888 (0.076)	0.948 (0.089)	0.904 (0.079)
	Industry classification (ref: Extractive/ manufacturing)						
	Construction	1.174 (0.529)	1.154 (0.483)	2.814** (1.412)	2.927** (1.418)	1.396 (0.713)	1.134 (0.525)
	Distributive hotel restaurant	0.592 (0.256)	0.676 (0.280)	2.897** (1.310)	2.468** (1.110)	1.276 (0.610)	1.223 (0.535)
	Transport and communication	1.412 (0.928)	1.522 (0.940)	4.733** (3.121)	4.377** (2.870)	3.762* (2.538)	3.173* (1.951)
	Banking, finance and insurance	0.967 (0.045)	0.983 (0.044)	1.016 (0.051)	0.962 (0.040)	0.980 (0.046)	1.068 (0.050)
	Other services	1.556 (0.593)	1.687 (0.611)	2.997** (1.290)	2.802** (1.210)	1.893 (0.822)	1.878 (0.746)
	Regional dummies	Included	Included	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included	Included	Included
Individual	Satisfaction with income	1.173* (0.096)		0.974 (0.076)		1.078 (0.095)	
	Earnings from business (logged)	9.317*** (2.202)		0.873 (0.121)		9.571*** (2.424)	
Household	Household wealth (logged)		2.369 *** (0.562)		0.782 (0.181)		1.564*** (0.384)
	Breadwinner (ref Primary)						
	Secondary		0.179*** (0.055)		2.774*** (1.055)		0.328*** (0.113)
	Spouse employment status (ref unemployed)						
	Employed		0.443*** (0.128)		0.601* (0.175)		0.233*** (0.074)
	In poverty		0.0579*** (0.027)		1.252 (0.375)		0.132*** (0.055)
			Individual			Household	
	Observations		549			578	
	McFadden's R square		0.2066			0.1678	
	LR chi2		309.40***(39)			263.74*** (45)	

In the above model, involuntary negative exit (Group 1) is the reference category (base outcome)

[1]Figures in parentheses are standard errors.

*, **, *** Significance at 10, 5 and 1 percent level.

[2] relative risk ratio (RRR) are calculated from the log-odds

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16

4.5.3.4 Factors Governing Business Owners' Exit: Time as an entrepreneurial capital explanation for the four exit conditions

In order to understand the role of time as an entrepreneurial capital in explaining different types of exit conditions, average marginal effects for both individual and household levels were estimated and presented in Table 4-24. Moreover, Table 4-25 presents the relative risk ratio (RRR) values from the same multinomial logistic regression model specification to enable comparison between different exit conditions with the base level.

4.5.3.4.1 Involuntary negative exits

The average marginal effect from Table 4-24 suggests that the business owners could reduce the likelihood of experiencing involuntary negative exits by being more committed to the business. Committing an additional hour in business will significantly reduce the probability of facing this kind of exit condition by 4.86 percentage points. However, there was no evidence that the other individual-level time indicator, the business location, influences this form of exit.

From the household perspective, the average marginal effect suggests that if the business owners increase housework by one unit (logged), the possibility of involuntary negative exits would be increased by 4.1 percentage points. However, the results did not find any conclusive evidence in support of this form of exit to be influenced by business owners taking childcare responsibility and had young children to look after in the household.

4.5.3.4.2 Voluntary positive exits

None of the AME related to individual-level time as an entrepreneurial capital indicator in Table 4-24 for the voluntary positive exit group was observed to be significant. From Table 4-25, it can be seen that the relative risk ratio for the hours business owners committed in business increased the possibility of experiencing voluntary positive exit significantly by a factor of 1.44 over the involuntary negative exit. However, the other individual-level variable work location indicates that even though a home-based business can increase the likelihood of experiencing such exit by a factor of 1.15 in comparison to businesses located away from home, the relationship was not significant.

The average marginal effect in Table 4-24 for the household-level time as an entrepreneurial capital indicator suggests that if the commitment to housework (ln) increased by one unit, the voluntary positive exit would be reduced by 1.53 percentage points; the result was not significant. The AME for the assumption of childcare responsibility suggests that when the partner assumes the childcare responsibility, it will reduce the possibility of facing such an exit by 35.11 percentage points. The covariates related to the other household-level indicator, namely the presence of young children at the household, could not explain this form of exit in a significant manner.

From the RRR values in Table 4-25, it is apparent that if the hours in housework (logged) increase by one hour, the likelihood of experiencing voluntary positive exit to involuntary negative exit would be expected to decrease significantly by a factor of 0.80. More specifically, it can be inferred that if the business owners had to make more commitment to housework, they are more likely to face involuntary negative exit over the voluntary positive exit. Making more commitment to household chores will not enable the business to be matured and performing in a better way. The RRR value for the presence of young children also indicates that chances of facing voluntary positive exit over involuntary negative exit increases by a factor of 1.62 if there is a presence of additional young children in the household. Even though the assumption of childcare responsibility indicated that an increase in responsibility would lessen the possibility of experiencing voluntary positive exit over involuntary positive exit, the relationship was not statistically significant. Overall, assumption of childcare responsibilities by the business owners could not explain the voluntary positive exit.

4.5.3.4.3 Involuntary positive exits

The AME from Table 4-24 suggests that neither the commitment of the business owners nor the location of the business could influence an involuntary positive exit. RRR values from Table-4-25 did not provide any conclusive evidence for business owners to distinguish between the involuntary negative exit and involuntary positive exit while committing longer hours in business or working from home.

The average marginal effect calculated for the household-level time as an entrepreneurial capital indicator in Table 4-24 suggests that when the childcare responsibility is outsourced, it will increase the possibility of facing such exit by 32.92 percentage points. None of the AME associated with the presence of young children at the household, and commitment to housework was observed to be significant in explaining involuntary positive exit.

From the RRR values presented in Table 4-25, an increase in hours of housework for the business owners who belong to this exit group would reduce the possibility of facing involuntary positive exit over involuntary negative exit by 20 %. The presence of an additional young child in the household can increase the likelihood of facing such an exit by a factor of 1.765 when compared to involuntary negative exit. None of the RRR values associated with childcare responsibility in the household appeared to have statistical significance while explaining this form of exit.

4.5.3.4.4 Voluntary wasted opportunity exits

A cursory glance at Table 4-24 reveals that AME associated with individual-level indicators of time as an entrepreneurial capital suggests that business owners running home-based businesses have a lower possibility of experiencing this form of exit in comparison to those whose business is located away from home. More specifically, running a business from home has 7.0 percentage points lower possibility of facing such exit in comparison to those businesses which are stationed away from home. It can also be seen from the AME coefficient, the prospects of making this form of exit are not significantly related to the business commitment measured by the number of weekly hours put into the business by the business owners.

From the results presented in Table 4-25, the RRR in relation to the number of hours spent in self-employment business activities and running the business from home could not significantly explain the voluntary wasted opportunity exit compared to involuntary negative exits.

Table 4-24 represents the average marginal effect calculated for different predictors of time as an entrepreneurial capital – household level suggests that while the presence of young children and

hours in housework in the household could not explain this form of exit, it is the childcare which if undertaken by the business owners can influence the probability facing such exit. Data offers support to the fact that providing full-time childcare will significantly increase the possibility of facing such exit conditions by 13.46 percentage points.

Moreover, RRR in Table 4-25 suggests that for every one hour increase in the time devoted to housework, the relative risk for experiencing voluntary wasted opportunity exit over involuntary negative exit decrease by a factor of 0.77. Thus, if the hours in housework increases, the chances of facing this kind of exit are reduced by 23%, where the business was earning a satisfactory return before making an exit. Also, the presence of young children can expedite the business owners' process of leaving an economically viable venture early. Thus, an increase in the number of young children below four in the household by one will increase the possibility of facing such exit by a factor of 1.48, though the result was not statistically significant. It can also be seen that compared to involuntary negative exit, for voluntary wasted opportunity group, childcare responsibility could not provide a significant explanation for the business owners to select an exit form.

Table 4. 24 AME for Multinomial logistic regression predicting self-employed exits- time as an entrepreneurial capital- Individual and household level

	Predictors	Model:3 Average marginal effect (AME) for Multinomial logistic regression dependent variable-exit made by the business owners (For time as an entrepreneurial capital (time) indicators at individual and household level)							
		Involuntary negative Group 1		Voluntary positive Group 2		Involuntary positive Group 3		Voluntary wasted opportunity Group 4	
Control variables	Marital status (ref: Married)								
	Single	-0.0692* (0.037)	-0.0720* (0.037)	-.0772* (0.041)	-0.0566 (0.043)	0.0438 (0.037)	0.0375 (0.038)	0.103*** (0.038)	0.091** (0.039)
	Health issue (ref. No)								
	Yes	-0.0266 (0.041)	-0.0396 (0.041)	0.0702 (0.046)	0.0898 (0.0480)	0.0077 (0.038)	-0.0111 (0.039)	-0.050 (0.036)	-0.039 (0.039)
	Sex (ref. Male)								
	Female	0.0009 (0.042)	-0.00004 (0.044)	-0.0303 (0.045)	0.0055 (0.049)	0.0622 (0.041)	0.0499 (0.043)	-0.0328 (0 .037)	-0.055 (0.038)
	Business size (ref: one to two)								
	Greater than two	-0.0326 (0.050)	-0.0307 (0.0508)	0.166*** (0.060)	0.1499** (0.061)	-0.0793* (0.041)	-0.0632 (0.0431)	-0.0544 (0.043)	-0.056 (0.046)
	Regional unemployment rate	0.0196* (0.011)	0.0175 (0.011)	-0.0172 (0.012)	-0.0163 (0.012)	0.0014 (0.009)	-0.0022 (0.010)	-0.0038 (0.009)	0.001 (0.010)
	Industry classification (ref: Extractive/ manufacturing)								
	Construction	-0.0976 (0.064)	-0.127** (0.064)	-0.0106 (0.066)	-0.0249 (0.068)	0.140** (0.055)	0.150*** (0.056)	-0.0319 (0.053)	0.0026 (0.052)
	Distributive hotel restaurant	-0.0228 (0.066)	-0.038 (0.067)	-0.1207** (0.061)	-0.149** (0.064)	0.150*** (0.052)	0.131** (0.051)	-0.0059 (0.054)	0.056 (0.055)
	Transport and communication	-0.1810** (0.074)	-0.197*** (0.075)	-0.0513 (0.082)	-0.088 (0.084)	0.140* (0.074)	0.183** (0.079)	0.0927 (0.078)	0.102 (0.077)
	Banking, finance and insurance	-0.3470*** (0.047)	-0.354*** (0.048)	0.166 (0.134)	0.1170 (0.137)	0.104 (0.110)	0.140 (0.119)	0.0777 (0.119)	0.097 (0.117)
	Other services	-0.1370** (0.054)	-0.152*** (0.055)	0.0511 (0.057)	0.0173 (0.059)	0.072* (0.039)	0.086** (0.039)	0.0138 (0.048)	0.049 (0.046)
	Regional dummies	Included	Included	Included	Included	Included	Included	Included	
	Year dummies	Included	Included	Included	Included	Included	Included	Included	
Individual	Weekly Hours in business (ln)	-0.0486* (0.029)		0.0549 (0.034)		0.0032 (0.028)		-0.010 (0.029)	
	Business location (ref. away from home)								
	Home	0.0103 (0.039)		0.0619 (0.043)		-0.0028 (0.036)		-0.070** (0.034)	
Household	Total number of young children (age<4)		-0.0654 (0.042)		-0.0050 (0.043)		0.0507 (0.033)		0.0197 (0.036)
	Weekly hours in housework		0.0405** (0.018)		-0.0153 (0.019)		-0.0097 (0.017)		-0.0154 (0.017)
	Childcare (ref. no children/ no childcare responsibility at the HH)								
	-Childcare is outsourced		-0.100 (0.133)		-0.1833 (0.148)		0.3292* (0.183)		-0.0608 (0.137)
	-Partner		0.277 (0.200)		-0.351** (0.019)		-0.0657 (0.121)		0.1477 (0.197)
	-limit work due to childcare		0.062 (0.111)		0.0151 (0.127)		0.0712 (0.107)		0.1346* (0.073)
	Level	Individual				Household			
	Observations	624				613			
	McFadden's R square	0.0455				0.0628			
	LR chi2(39)	77.15***				104.77*** (48)			

[1]Figures in parentheses are standard errors. [2] average marginal effects are calculated from the log-odds

*, **, *** Significance at 10, 5 and 1 percent level.

[3]McFadden's R square measures the change in the likelihood and does not measure explained variance

The likelihood ratio of chi-square of 77.15 with a p-value<0.00001 indicates that the model as a whole fit significantly better than an empty model (i.e. a model with no predictors)

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Table 4. 25 RRR for Multinomial logistic regression predicting types of business owners' exits- Time as an entrepreneurial capital- Individual & Household levels

	Predictors	Model:3 Relative risk ratio (RRR)for Multinomial logistic regression dependent variable-exit made by the business owners (for time as an entrepreneurial capital (time) indicators at the individual and household level)					
		Voluntary positive exit Group 2		Involuntary positive Group 3		Voluntary wasted opportunity Group 4	
Control variables	Marital status (ref: Married)						
	Single	1.0566 (0.271)	1.1654 (0.309)	1.6850* (0.470)	1.6941* (0.502)	2.1871*** (0.599)	2.1231*** (0.608)
	Health issue (ref. No)						
	Yes	1.3661 (0.352)	1.5378 (0.419)	1.1499 (0.343)	1.1206 (0.364)	0.8453 (0.266)	0.969 (0.317)
	Sex (ref. Male)						
	Female	0.9062 (0.238)	1.0188 (0.289)	1.3538 (0.400)	1.2931 (0.422)	0.8399 (0.252)	0.7498 (0.240)
	Business size (ref: one to two)						
	Greater than two	1.7775* (0.576)	1.7016 (0.574)	0.6980 (0.290)	0.7752 (0.332)	0.8384 (0.335)	0.8349 (0.348)
	Regional unemployment rate	0.8758* (0.059)	0.8831* (0.063)	0.9303 (0.073)	0.9168 (0.076)	0.9042 (0.070)	0.9319 (0.076)
	Industry classification (ref: Extractive/ manufacturing)						
	Construction	1.3509 (0.493)	1.4770 (0.552)	3.2867** (1.544)	4.1716*** (2.075)	1.1697 (0.511)	1.6215 (0.728)
	Distributive hotel restaurant	0.6953 (0.249)	0.6745 (0.248)	2.6278** (1.160)	2.7386** (1.299)	1.0478 (0.431)	1.5254 (0.637)
	Transport and communication	1.7969 (0.948)	1.7523 (0.976)	5.0305*** (3.07)	6.9586*** (4.502)	3.223** (1.802)	3.8184** (2.275)
	Banking, finance and insurance	0.9464 (0.042)	0.9517 (0.048)	1.0349 (0.050)	0.9613 (0.0387)	0.9806 (0.046)	1.0678 (0.050)
	Other services	1.9109** (0.587)	1.8701* (0.586)	2.8181** (1.17)	3.4442*** (1.528)	1.7957 (0.654)	2.3419** (0.869)
	Regional dummies	Included	Included	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included	Included	Included
Individual	Accumulated time						
	Weekly Hours in business (ln)	1.444* (0.273)		1.238 (0.267)		1.163 (0.251)	
	Business location (ref. away from home)						
	Home	1.150 (0.279)		0.938 (0.262)		0.655 (0.186)	
Household	Total number of young children (age<4)		1.620* (0.456)		1.765* (0.523)		1.4768 (0.441)
	Weekly hours in housework		0.795* (0.096)		0.7917* (0.109)		0.7745* (0.102)
	Childcare (ref. no children/ no childcare responsibility at the HH)						
	-Childcare is outsourced		0.900 (1.308)		5.8661 (6.84)		1.3254 (1.955)
	-Partner		0.28 (0.774)		0.2950 (0.362)		0.7273 (0.730)
	-limit work due to childcare		0.7860 (0.527)		1.0711 (0.712)		0.2761 (0.309)
			Individual-level			Household-level	
	Observations		624			613	
	McFadden's R square		0.0455			0.0628	
	LR chi2(39)		77.15***			104.77*** (48)	

In the above model, involuntary negative exit (Group 1) is the reference category (base outcome)

[1]Figures in parentheses are standard errors.

*, **, *** Significance at 10, 5 and 1 percent level.

[2] relative risk ratio (RRR) are calculated from the log-odds

Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

4.6 Conclusion:

After identifying the initial differences in the sample profiles from the descriptive analysis, three sets of analysis guided by the research questions were carried out on both self-employed and business owners' groups. From analysis 1, it appears that the levels and types of influence from a resource perspective in explaining an individual's exit from the business are not equally salient. Moreover, the role of resources varies while explaining the self-employed and the business owners exit from the business. It can be seen from analysis two that the influence the resources have on the duration the self-employed/business owner attached to the business can be different and also not equally influential across the sample utilised in the analysis. Going beyond the limited explanation provided by the dichotomous exit variable, the third analysis helped to study four forms of exit where some groups had an overrepresentation of specific characteristics while at the same time they possess lower levels of some other characteristics. The author also observed that depending on the exit condition [the third analysis], the role of resources can vary in explaining the exit condition, which was not apparent in the previous two analyses.

Chapter Five: Discussion

5.1 Introduction

The previous chapter reported the results of the analysis, utilising data from Understanding Society (Wave 1-8). This chapter will revisit and discuss the key results which can help answer the research questions and achieve the research objectives through a synthesis between the results and the literature.

5.2 Research questions revisited and the organisation of the discussion

This research sets out to study how resources (level and type) accumulated over the individual and household life-courses influence self-employed/business owners' decision to exit from the venture they have created. In the entrepreneurship literature, the entrepreneurial exit is a phenomenon used to explain the event when the creators of a firm (often referred to as the entrepreneur or the entrepreneurial self-employed) disengage themselves from ownership control and decision-making authority, thus leaving the firm they have created (DeTienne, 2010). Entrepreneurial exit, being an individual-level phenomenon, demands separate attention even though the decision points related to entrepreneurial and business exit can overlap temporarily (Strese *et al.*, 2018). Thus, in this research, entrepreneurial exit implies that the entrepreneur has detached themselves from the business, while the business might continue its operation under different leadership or discontinue altogether. A large majority of scholarly work in this area treat exit as a dichotomous outcome depicted primarily as a negative outcome for the individual and a failure for the new venture (Wennberg and DeTienne, 2014). By categorising all cases of disengagement into one group, previous research produces a single-eyed and biased view of the phenomenon. This type of research largely labelled those who remained in business as 'survivors' and others as 'failures' and ignored the time dimension that is central to determine the 'winners' of the so-called 'failures'. Moving beyond the current understanding that exit is a dichotomous adverse event (Wennberg and DeTienne, 2014) often equating to business failure (DeTienne and Cardon, 2012; Yusuf, 2012; Lee *et al.*, 2021), this research attempts to study the exit phenomenon factoring 'the time an individual takes to make the exit decision' to understand the influence of resources to determine (a) who experience an exit event (as opposed to who remain in business), (b) when in the business life course they

make the exit decision, and (c) varying exit profiles for individuals. More specifically, this research study venture exits from an entrepreneurial resource perspective, paying particular attention to human, financial and time as key resources to succeed, or otherwise, in the entrepreneurial journey. In order to capture the true contribution of resources to the exit decision, the author considered both the fixed resources (measured a year prior to making an exit) and accumulated resources over the life course of the entrepreneur and the entrepreneurial household.

Consequently, this research draws upon the household and life-course analysis to evaluate how entrepreneurial resources interweave and change over time to shape entrepreneurial activities that eventually results in business owners/self-employed leaving the business they have created. While the author acknowledges the limitations of treating exit as a dichotomous outcome in the first analysis, by adopting the idea that pursuing an entrepreneurial journey is not solely an individual activity but an activity largely embedded within households (Carter et al., 2017), this thesis articulates the complex process surrounding the exit decision in relation to resources at both individual and household levels. This is important to meaningfully respond to Wheelock, Oughton and Baines (2003)'s call for research to study the interactions between the boundaries of businesses and households by embedding entrepreneurship research in the micro-business household (McKeever, Anderson and Jack, 2014). In addition to adopting the entrepreneurial household as the framing context, the author draws upon life course analysis to study how resources channel the activities and responsibilities of self-employed individuals and business owners to shape the exit decision at various points along the life-course. Such recognition of life course as a crucial analytical framing and household as a vital context shaping the exit decision is important to challenge the tendency within the entrepreneurial literature to treat the entrepreneurial process as static (García-Rodríguez *et al.*, 2017) and that entrepreneurs are individualised from their family, and thus the availability of resources on the part of the entrepreneur at start of the journey determines their success. This research shifts away from this static approach towards perspectives and methods that can shed light on the changing constellation of individual and macro forces from the household that shapes the entrepreneurial exit decision.

In addition to treating entrepreneurial exit as a dichotomous outcome (research question 1), the author also analysed whether resources (level and type) affect the duration, the time the business owners/self-employed individuals attached to their businesses before they make the

exit decision (research question 2). As evidenced in the literature, some entrepreneurs stay in business long without having long term ambitions or achieving positive returns (Jayawarna, 2011) before they eventually make an exit. Often motivated by push factors such as unemployment or starting a business for convenience (Block and Sandner, 2009), these business owners opt to remain in business as long as it permits them to, but eventually makes an exit when they run out of energy. If venture survival is treated as a measure of success, such business prospects could be regarded as positive outcomes for the entrepreneurs (Nielsen and Sarasvathy, 2018). However, such efforts absorb entrepreneurial resources for unproductive labour and offer no real benefits to the economy or the entrepreneur. Here the aim is to understand the nature of resources (type and level) that drive business owners/self-employed to remain in business for longer than others before they are eventually making an exit. Yusuf (2012) points out that early exit is vital to avoid entrepreneurs pulling more resources to run businesses with no return. It is taken as given that sub-optimal ventures will eventually exit the market due to lack of financial viability (Ucbasaran, 2013; Coad *et al.*, 2016) and understanding what resources (ownership or lack of) that drive entrepreneurs/self-employed to stay longer to make the exit decision is therefore important to provide a cohesive explanation for an entrepreneurial exit.

To provide a fine-grained explanation for the concept of entrepreneurial exit, the author further evaluated conditions associated with different forms of exit. Such an analysis is important to reveal conditions for varying exit profiles and answer how resources possessed by the business owners/self-employed individuals and their households can influence these different exit conditions (research question 3). Moving beyond offering a binary categorisation of entrepreneurial exit to providing a more comprehensive account by recognising the heterogeneous exit conditions is essential for an accurate understanding of exits performed by self-employed individuals and business owners. Without distinguishing between various exit conditions, defined by means of the *returns from business ownership/self-employment* prior to making the exit decision ***and*** the *time it takes for this decision to be made*, there remains a propensity to misinterpret the role of resources when explaining entrepreneurial exits. Justo, DeTienne and Sieger (2015) revealed important distinctions between voluntary and involuntary exits in their analysis of knowledge workers from Sweden. Through the analysis, the author aimed to contribute to the debate of voluntary vs involuntary exists by offering enabling/constraining conditions for these different forms of exit, taking into account the resource implication governing the exit conditions in relation to the performance standards of

the business. By taking the time dimension into account, this analysis also offers explanations for how resources affect positive and negative exits (Bosma and Kelley, 2019) differently.

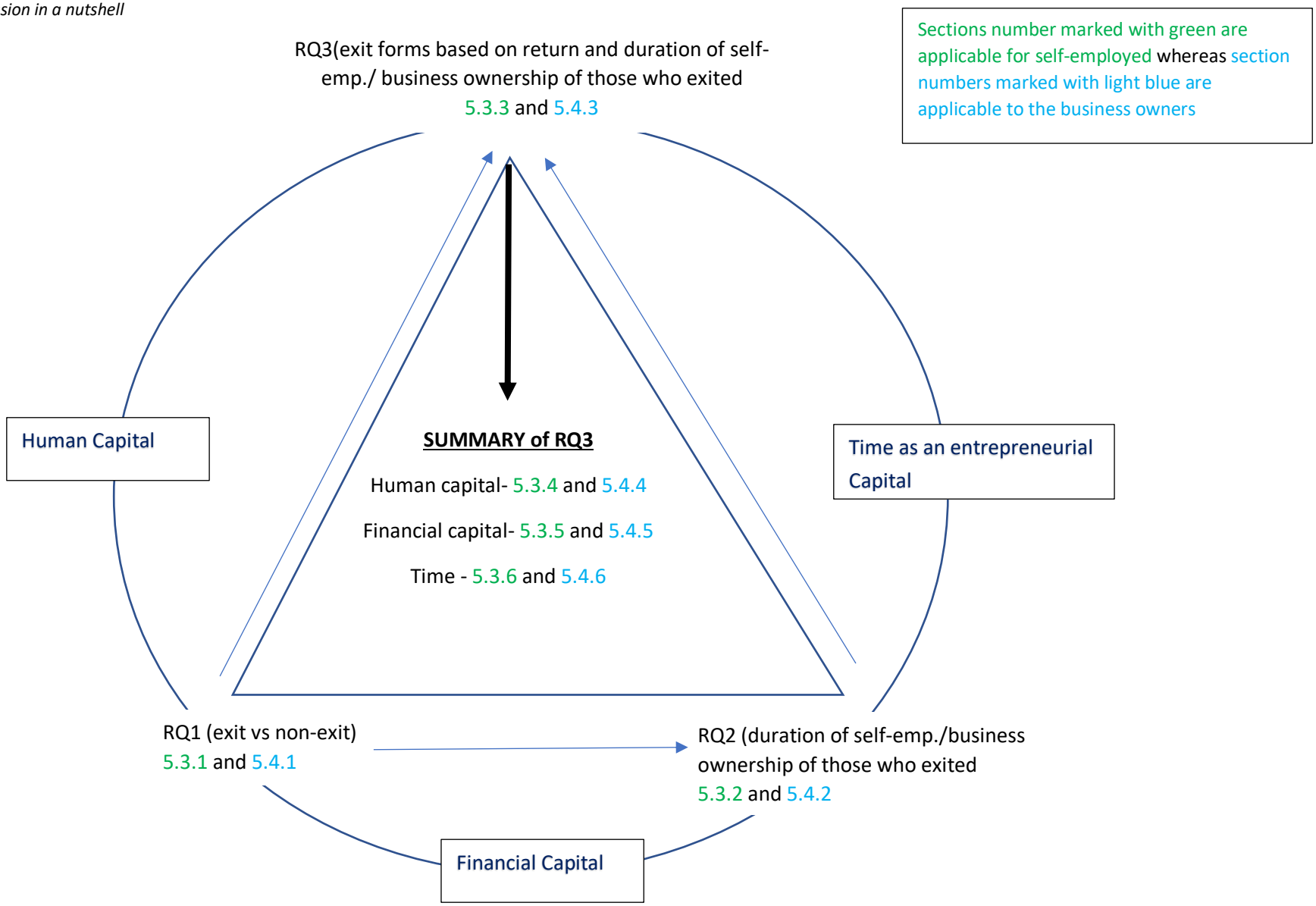
In line with the resource-based perspective of entrepreneurial venturing (Wiklund and Shepherd, 2003), several lines of evidence highlighted the importance of the availability of and access to financial and non-financial resources to avoid exit. Many entrepreneurship scholars regard the concept of capital as an extension of the resource-based perspective (Penrose, 1959; Barney, 1991) of the firm (Brush et al., 2001) and highlight its importance not only for venture start-up (Erikson, 2002; Firkin, 2003) but also for its sustained development (Davidsson and Honig, 2003). Moreover, several scholars in the entrepreneurship discipline (Gorton, 2000 and Firkin, 2003) strongly recommended Bourdieu's (1986) conceptualisation of capital as, according to Bourdieu, there are multiple pathways for individuals to accrue and apply resources to opportunity and those that have privileged access to these resources take productive actions when identifying, developing and exploiting such opportunities. According to Bourdieu's (1986) capital theory, financial, human and social capitals are key forms of capital that are interrelated and influence achievement. In this study, even though the author appreciates that social capital is a crucial resource for entrepreneurs, social capital as an entrepreneurial resource has not been considered due to data limitations. Literature often refers to resource access through strong ties, including family, as valuable social capital for entrepreneurs to start and sustain in business (Anderson, Jack and Dodd, 2016). Arguments placed by Bourdieu on cultural capital or what Rodriguez, Tuggle and Hackett (2009) called family capital also have important implications for individuals' capacity to perform in the labour market. Particularly given that individuals are embedded within their households, and Bourdieu's conceptualisation of cultural capital, or what he called intergenerational resource transition from within the family as a socially constructed phenomenon, explains how the ownership of resources at the individual level is influenced by the availability of resources at the household level.

Moreover, following Alvarez and Busenitz (2001), if the individuals' perception about those resources determines the value of resources, the socially constructed structures would provide uneven advantages for different members of the household in terms of ownership of resources. As such, time availability and time commitment of the members of the household could be determined by the social structure based on society's taken for granted tacit assumption towards

different members of the household based on how the family social capital can be viewed and affecting differently from one person to another. Thus, time as an entrepreneurial capital has been utilised in this research considering the inextricably interlinked connection between the household and the entrepreneurial business in relation to how time demands can be effectively managed between the household and the business.

As mentioned in the introduction, this exploratory research is built around three research questions that attempt to examine the role of resources in explaining entrepreneurial exit from multiple perspectives. Below, the author takes each question, in turn for the self-employed and the business owners, in separate sections to present the findings, positioning them in relation to the current understanding of the entrepreneurial exit phenomenon and thereby offer further elaborations or alternative insights and explanations to advance debates in this field. It is worth mentioning here that in chapter 04, a separate analysis has been undertaken for the self-employed and the business owners. Within entrepreneurship literature, the terms self-employed individual and business owner are used interchangeably, and the response base for empirical research either combines the two groups or considers one of the groups for convenience (often decided by the available sample size, *(Mondragón-Vélez, 2009)*. Section one and two in this chapter discussed how resources offer an explanation to exit differently for self-employed individuals and business owners. Through this, the author aims to provide definitional clarity in relation to who is making an exit (whether it is the self-employed individual or a business owner) under the given resource conditions. Thus, this discussion chapter is divided into two sections[see figure 5-1]. The **first section** is dedicated purely to self-employed individuals (sample – those who reported to be self-employed at the time of making the exit; n = 1342) and the **second section** to business owners (sample – those who reported to be an owner of a business; n = 634). In these two sections, findings in relation to each research question will be discussed.

Figure 5. 1 Discussion in a nutshell



5.3 Section 1: Entrepreneurial exit as it relates to self-employed individuals

5.3.1 Comparing exit vs non-exit (RQ1) for the self-employed

Unlike other forms of capital, **human capital-related indicators** in this research are estimated at the individual level only; the notion of household-level human capital influencing the entrepreneurial activity received no theoretical explanation nor empirical support in the literature and thus has been excluded in this study. Guided by the human capital perspective, it is also suggested that the variables associated with entrepreneurs' entry may not necessarily be the same as those associated with entrepreneur exit (Ucbasaran *et al.*, 2003) and as very little empirical evidence provide an explanation for the human capital influence to entrepreneurial exit, individual level of analysis of the human capital relationship to entrepreneurial exit is novel.

In this research, educational credentials, a fixed human capital indicator at the individual level, demonstrate a negative association with the self-employed individual's probability of exit. For the self-employed individuals, the probability of facing exit (8.3 percentage points) is higher for those holding no formal qualification than those who had secondary level qualifications (5.4 %). Thus, having a lower level qualification can raise the probability of exit for the self-employed. This lends support to the fact that education helps to build the capacity to discover and exploit new business opportunities (Unger *et al.*, 2011) and the necessary resource base to run successful businesses (Van Praag, van Witteloostuijn and van der Sluis, 2013). Overall, as suggested in this research, the role of educational qualifications in deciding the prospects of self-employed to continue with their operations is consistent with the findings that propose a negative relationship between the educational credential and business failure (Rauch and Rijsdijk, 2013) and bankruptcy (Kato and Honjo, 2015), but a positive relationship between educational credentials and the probability of venture survival (Baptista, Karaöz and Mendonça, 2014) and successful venture setup (Unger *et al.*, 2011). Though very little has been discussed in the literature on the role of education in explaining entrepreneurial exit, the finding that those with credentials have a higher probability of survival and those without are more likely to experience the exit event is consistent with the findings of Wennberg (2010), who using opportunity entrepreneurs' data reported a negative association between educational

credentials and entrepreneurs' probability of exit. While in the context that Wennberg (2010) studied, this relationship seems to be obvious, this research finding that human capital measured in terms of credential plays a significant role in determining one's faith in business after controlling for various firm related characteristics, including the industry in which they operate has important implications for theory, practice and policy. So far, the author is aware of the relevance of credentials in determining the entry criteria for entrepreneurs, but given the research evidence that a significant number of entrepreneurs abandon their efforts within a short period of starting the venture (Hessels *et al.*, 2011) begs answers to the question of whether the same entry conditions drives the exit criteria as the literature suggests. Moreover, Marvel, Davis and Sproul (2016) argued that the effect of human capital is of unequal value when considering different milestones in the entrepreneurial process. Thus, the role of educational credentials in explaining penultimate entrepreneurial destination, i.e. exit cannot be underemphasised; educational background can help the entrepreneur to identify the opportunity from the surrounding environment and exploit the same through better organising skills (Unger *et al.*, 2011), leading to better performance and thus to defer exit.

The result also indicated that self-employed who have previous labour market exposure either acquired through engagement in self-employment or wage employment had lower chances of experiencing the exit event in comparison to those who joined self-employment following a spell of inactivity. However, it is interesting to observe the gulf of difference between the effect size of self-employment and wage employment experience prior to the exit event. Prior experience in self-employment was observed to be a key divider between those who experienced an exit and those few who survived. These results supported the theoretical proposition confirmed through a meta-analytical review by Unger et al. (2011), who reported prominent roles played by task-related human capital (self-employment experience) compare to non-task related human capital (work experience). By utilising longitudinal data, this research extended Unger et al.'s (2011) findings on the roles played by specific human capital in the context of entrepreneurial exit.

Literature offers explanations to suggest people acquire and develop necessary craftsmanship and networking skills beneficial for starting and running a business (Cooper, Ramachandran and Schoorman, 1998). Within the life course framing the role of accumulated human capital

is essential to understand since, unlike the fixed credentials, these skills are evolved with time. Literature refers to age as a significant human capital indicator crucial to provide the entrepreneur with tacit knowledge (Atherton, Wu and Wu, 2018). The relationship between age and exit, however, has not been studied in the entrepreneurship literature. As life experience that comes with age helps entrepreneurs make informed decisions (Azoulay *et al.*, 2020), it is possible to assume that the exit propensity of entrepreneurs decreases with age. This research offers support for this; when age is regarded as a measure of life experience accumulated over the life course, the author found the probability of exit reduced by more than 8.0 percentage points. This result supports the findings of Shepherd and Wiklund (2006), who found that lack of life experience led to the catastrophic venture outcomes for business owners and Liao et al.'s (2008) finding that with increased age of the entrepreneur, the probability of discontinuance decreases. Research findings did not explain the exit propensity of self-employed while training was considered as a static human capital over the life course. It may be that the monotonous nature of self-employed activities does not require the acquisition of such up to date knowledge and information, and self-employed often do not regard receiving external training as valuable human capital to sustain in business (Michaelides and Benus, 2012).

With regard to the impact financial capital (abundance or lack of) have on exit propensity, this research studied both individual and household level financial resources. As an individual level **financial capital** indicator, earnings accumulated over the self-employed business life course was found to be influencing the exit decision; lower income from self-employment pushes individuals out of their self-employment business. Since the financial crisis of 2008, lending to small businesses has declined significantly (Cowling, Liu and Ledger, 2012; Armstrong *et al.*, 2013). As such, earnings from the business/self-employment have become a primary interest for many self-employed people to remain in their employment.

Entrepreneurs require financial resources to make capital investments and fund working capital in their business. It is explained in the literature (see for example, Parker, 2018) that business owners and self-employed individuals re-invest the capital from their business with the hope of receiving positive returns in the future. This understanding, however, has not received empirical evidence in the past due to the use of cross-sectional data, which failed to explain

how current earnings impact future earnings from business and, more specifically, how fluctuations in the income levels along their business life course affecting their capacity to sustain in business. This research contributes to this knowledge gap; positive returns from entrepreneurship affect the survival prospects of the self-employed, and the higher the returns from their business, the higher the probability of them avoiding a possible exit.

For the other individual-level financial capital indicator, this research observed that the self-employed who were satisfied with the financial performance of the ventures experiencing a lower propensity to exit. This finding is consistent with Taylor (2004), who reported that individuals who worked as self-employed possessed a higher level of satisfaction with pay which could influence self-employed individuals' probability of survival (Georgellis, Sessions and Tsitsianis, 2007). From a household perspective, it can be seen that higher household wealth (measured by means of property values) reduces the probability of one's experiencing an exit. Thus, the domestic capabilities to feed the self-employed business is a decisive factor for one to retain the self-employment status. A search through the literature suggests that self-employed can use such arrangements to address challenges of the liquidity crisis (Fairlie and Krashinsky, 2012) in ensuring venture continuity (Hurst and Lusardi, 2004) and avoiding entrepreneurial disengagement (Frid et al., 2016). Moreover, this research, based on longitudinal panel data, is a testament to the capability of household wealth as a significant capital asset (Carter et al., 2017), helping self-employed homeowners avoid liquidity constraints and facilitating business start-up at an optimum level (Jensen, Leth-Petersen and Nanda, 2014).

Entrepreneurs are typically from wealthy households (Quadrini, 2000) but, in the absence of longitudinal research, the author is without knowledge to what extent this wealth is a necessary condition for the self-employed to remain in business. As the relationship between occupational class measures and wealth presented at the household are inconsistently associated with entrepreneurial potential (Jayawarna and Rouse, 2010), from the existing literature, it cannot be merely argued that higher class life course pathways lead to the accrual of financial wealth and, through its application, individuals can avoid possible exits from their businesses. The evidence base presented in this research suggests that financial wealth accumulated in the household can be more readily convertible to entrepreneur resources (Cagetti and de Nardi,

2006), and these resources are critical for entrepreneurs to sustain in their businesses. There may also be socially mobile pathways from wealth at the household level to enable better-remunerated work that encourages entrepreneurs to remain in business.

From a life-course perspective, it is also possible to assume that businesses that create higher drawings may make more savings and create family wealth that can support further business investment and more opportunities to remain in business. Cassar (2006) found that growth creates growth intention; it may well be that higher-income early into the business life course create earnings growth intention and capability to remain in business.

Contrary to expectation, self-employed individuals maintaining secondary breadwinner status in the household had a higher possibility of experiencing exit from self-employment. Thus, an exit is more likely to happen when the spouse/partners being the primary breadwinner contributing to the household income. Thus, even though the income contribution from a primary breadwinner could positively inspire a household member to engage in economic activity realised through self-employment (Jayawarna, Marlow and Martinez-Dy, 2019), evidence from this research indicates that over the life-course this subsidy might not be sufficient to maintain the continuity of the venture. It is reasonable to expect that lower initial investments are needed for self-employed businesses to set up (Parker, 2018). While a self-employed secondary breadwinner can afford to make such an initial investment, failing to receive returns from that investment as secondary breadwinners in comparison to primary ones make lower level of profit and drawing (Jayawarna, 2012), they often opt out of business to take on a higher share of the household responsibilities. This is the dominant household work strategy in the contemporary labour market, particularly affecting female self-employed who often leave their self-employed business to enable the male primary breadwinner to provide the means for the household (Khoudja and Platt, 2018). Although it is possible to assume that the availability of a primary income source to the household tends to constrain economic motivation to earn from self-employment in the long run, looking at this from a gender perspective, this finding offers some explanation to reinforce stereotypical assumptions regarding economic under-performance and women-owned businesses (Marlow and McAdam, 2013). Studying this assumption taking a gender perspective following a gender analysis is a worthwhile future research direction.

Findings also suggest that in the presence of a spouse in wage employment, a self-employed individual in the household has a significantly lower possibility of facing exit in comparison to those living with an unemployed spouse. Self-employed often experience fluctuating income, but in the presence of dual-income streams within the household, self-employed in marriage/cohabiting partnerships can lower the possibility of entrepreneurial exit (Wennberg, 2010) and raise the survival prospect of their businesses (Atherton, Wu and Wu, 2018). Moreover, the more recent evidence base presented in this research corroborates the ideas of Jayawarna, Marlow and Swail (2020), who suggested that the contribution of income from the partner/spouse in dual-earner households is a valuable resource base for business owners and one that discourages exit. Once again, this finding offers a further explanation for how households manage their resource base, and household resources flow between the boundaries of the household and the business (Carter, 2011). A significant research agenda remains to unpack details about how a stable household income from wage employment affects the entrepreneurs' survival prospects. Most importantly, it is essential to model how resource flows within households intersect with gender and explain the exit conditions for male and female self-employed/ business owners differently. In order to offer a full explanation of the entrepreneur labour capacity and its relationship to entrepreneurial persistence, a more fine-grained exploration of the subtle effects of household strategies is necessary. In this research, living in a resource-poor household over the life course was found to be a positive contributor to a self-employed experiencing an exit from their business. Thus, living in a poverty household might restrict these self-employed individuals access to vital resources for carrying out the core activities necessary to survive over their life course.

As Carter (2011) noted, time is a limited resource often overlooked when explaining one's commitment to running a business. Clearly, there is a substantial knowledge gap in entrepreneurship research explaining how time as a resource presents entrepreneurs with both opportunities and challenges. While the former enables business survival, the latter influences exit when the entrepreneur fails to respond to such challenges positively. Entrepreneurs work in multiple domains, and therefore they are presented with multiple time demands. Depending on how entrepreneurs respond to such demands determine the value generated from entrepreneurial opportunities that are presented to them. This research studied how time **commitment and time availability** could influence exit decisions. To succeed in business, entrepreneurs need to invest their time into their business activities; lack of such investment

means they have a lower commitment to the business they operate. Findings suggest that self-employed with a higher commitment, demonstrated through the amount of time they spend on business operations, had a lower chance of experiencing exit. As earnings are significantly related to labour capacity, fewer hours available towards business will result in lower earnings, which in turn undermine earning motivation and vision and eventually leading to the decision to culminate the exit. This understanding, however, has not received empirical evidence in the past due to the use of cross-sectional/static data, which failed to explain how limited business commitment could affect the future performance of the business and, more specifically, how changes in the commitment along their business life course affecting their capability to sustain in business. This research contributes to this knowledge gap: positive business commitment affecting the survival prospects of the self-employed, and the higher the business commitment, the higher the probability of avoiding a possible exit.

It is also found in this thesis that those who reported working from home arrangements experiencing higher exit rates. It is possible to assume that self-employed are often motived by expected non-economic utility (England, 2017), largely to accommodate flexible work schedules from household demands (Yang and del Carmen Triana, 2019) and due to lower level of commitment and capacity to engage in business operations eventually resulting in such self-employed to make the exit decision. Moreover, those showing a higher tendency to work from home operate low-income low growth businesses (Jayawarna, Marlow and Swail, 2020). Furthermore, it is essential to consider the evidence base that suggests stereotypical gendered roles persist, particularly in the realm of women's responsibilities for domestic/care labour (Yang and del Carmen Triana, 2019; Jenkins and McKelvie, 2016; Ciccia and Bleijenbergh, 2014). Therefore, women are more likely to seek flexible forms of working (England, 2017) to combine economic activity and household labour with negative labour productivity implications. Using longitudinal data, this research has demonstrated that home-based entrepreneurial venture's temporary solution to combining caring/household labour and economic activity (Ahl and Marlow, 2019) is less effective and, as such, eventually pushes self-employment individuals out of business.

This research also builds on the notion that the exit is a decision linked to an individual's family roles. More specifically, the author conceptualises exit as an institutionally bound opportunistic

decision that unfolds over time and that individuals make decisions that best fit with the household situation in their life course. There are a number of household processes, including childbearing, union formation and spousal employment, that interact in highly complex ways to shape the actual life-course trajectories that influence exit. When trying to fulfil their roles within the household, entrepreneurs get distracted from the business operations, as the available time resource needs to be split between the household and the business they operate. The 'availability of time' to fulfil household roles is thus a determining factor for one to decide on whether they should continue their operations or leave their business to take on the roles presented at the household. This research explains how work and household contexts shape entrepreneurial experience by using time as a valuable resource and revealing critical negotiations in the two domains if one needs to avoid exit.

The current research noted that the presence of pre-school age children within the self-employed household has a positive association with exit. Children demand time, and this is mainly the case when caring for young children becomes a household responsibility for working adults (Khoudja and Platt, 2018). The dependency of younger children causes shifts in entrepreneurs' 'commitment balance' to address the needs of the household at the disadvantage of the venture. The finding is contrary to the finding of Wennberg (2010), where a mixed effect of the presence of children in the household was found on male and female entrepreneurs exit. This inconclusive finding could be as a result of not paying attention to the age of children in their cross-sectional research; depending on the age of the child, self-employed need to make constant adjustments to their commitment to roles between household and work. Interestingly, Jayawarna, Marlow and Swail (2020) findings also demonstrated that entrepreneurs in households with preschool children in comparison to children of other age categories are more likely to abandon their businesses to shift their attention to caring roles. As responsibilities within the household are largely socially construed (Yang and Aldrich, 2014), it is important to model how these relations intersect with gender and explain the exit conditions for male and female business owners differently. Thus, a more fine-grained exploration of the subtle effects of household work strategies is necessary.

In this research, another dimension of time availability at the household level considered was the number of hours per week the self-employed spend on housework. For the self-employed

individuals, the measure was observed to have a positive association with exit. Providing more hours to do the household chores will result in the reduced time available for business operation, thereby decreases their likelihood to sustain in business. Overall, this research utilising the benefits of controlling for unobserved individual-specific effects through panel analysis offer explanations to suggest that when a self-employed accepts a greater role within the household that is associated with domestic/care labour, their capacity to apply resources (time availability) to an opportunity is restricted, a reason for self-employed to make an exit decision.

It is acknowledged that from a household perspective, these work strategies represent rational decision-making, and it is important to model how these relations intersect with gender and explain the exit conditions for male and female business owners differently. This will further reflect how the venture meets the life course demands presented at various time points. This is an important research agenda discussed in chapter six.

5.3.2 Time to make an exit: who stays longer in self-employment prior to making the exit decision (RQ2)

This study also empirically addresses how entrepreneur resource inputs are related to self-employment/ business ownership longevity. Discussions in section 1 point to the fact that self-employed individuals' human, financial and time as entrepreneurial capital inputs can differentiate active self-employed from those that had discontinued operation. It is, therefore, interesting to see that the effect of educational credentials, a measure of **human capital**, on self-employed longevity offers an alternative explanation. As per results, individuals with a lower educational qualification stayed longer in self-employment. While several explanations for this seems possible, it is legitimate to assume self-employed with lower qualifications have fewer labour market opportunities, and thus they retain in their self-employment until an opportunity elsewhere becomes available. It may be that these individuals lack the skills and commitment to build highly remunerated businesses, and thus for them, entrepreneurship is pursued as a means of defending against downward mobility. Parker (2006) and Hyytinen and Rouvinen (2008) also suggest that when people are negatively selected into entrepreneurship due to a lack of employment opportunities often results in an oversupply of poor quality businesses. The effect of education privilege discussed in business start-up literature (Bates,

1990; Jayawarna, Rouse and Macpherson, 2014) also goes against the finding that highly educated entrepreneurs make an earlier exit from the business they started (Taylor, 1999; Williams, 2004; Millán, Congregado and Román, 2012), If individuals with high credentials opt to start a business or enter self-employment, they often use the initiative as an experiment (Yusuf, 2012). Thus, it is reasonable to assume that those with higher credentials have a better knowledge of opportunities outside and, therefore, are more likely to leave their sub-optimal business for better prospects. It is the popular discourse that the wage market provides higher acceptability and recognition for credentials than self-employment and business owners could offer. As such, a complete explanation of how and why individuals with credentials leaving their businesses cannot be offered simply by treating exit as a dichotomous outcome. This needs to be further elaborated by studying the time it takes for the self-employed to leave the business they created. If a highly qualified individual leaves their venture earlier, it could well be that they used the venture as an experiment ((Yusuf, 2012)) and when the experience from the experiment is not satisfactory, they leave early to explore opportunities outside of self-employment (Block and Sandner, 2009; Van Praag, 2003). A related idea that might explain this finding is that highly credentialed entrepreneurs, guided by informed decisions, are better placed to identify the long term risks associated with running an under-performing business and are more prone to reduce their commitment and accordingly perform intelligent exits (Raffiee and Feng, 2014). It might also be possible that given the limited outside opportunities available, self-employed with lower credentials want to receive the benefits of work flexibility on offer from self-employment and remain in business for long while fulfilling their household responsibilities (Jayawarna, Marlow and Martinez-Dy, 2019). As such, with fewer credentials, entrepreneurship seems to be a viable alternative profession for them.

Results also support age, a measure of accumulated experience, is directly related to the duration a self-employed will remain in business. Individuals are endowed with differing levels of business acumen, and these differences are often associated with their age (Zhao *et al.*, 2020). Older entrepreneurs could maintain their self-employment status for longer as an individual's entrepreneurial ability gradually unveil through the experience they accumulate over the life course of the business. Moreover, due to better social and business networks, older entrepreneurs can identify valuable opportunities in entrepreneurship, possibly through learning about the business environment (Parker, 2018). Results from this research corroborate the ideas of Van Praag (2003) & Block and Sandner (2009), who suggested that the probability

of survival is higher when the business owners/self-employed individuals were matured with a higher stock of accumulated human capital. However, age was reported to have a negative and significant effect on firm longevity (Williams, 2004), which does not appear to be the case. The inconsistent results could well be due to inconsistencies with measurements as past research that report age-related explanations for exits used cross-sectional data and treated age as a fixed time-invariant measure. While the educational credentials and life experience could adequately explain the duration of one stay in the business, training undertaken while in business or previous labour market exposure could not provide an explanation for why some self-employed remain in business longer than others. Unlike wage employment, where training is a part of the job, in self-employment/self-employed businesses, training opportunities are not abundant. Moreover, creative skills/ability and knowledge from credentials and networking skills from previous experience are vital for survival in a dynamic profession like entrepreneurship, unlike wage employments, where tasks are monotonous.

In line with previous studies (Millán, Congregado and Román, 2012), the author finds evidence of a positive impact of earnings, an indicator of **financial capital** on the duration one remains in self-employment. This finding is consistent with Parker (2018), who observed that personal wealth could positively influence the longevity of the firm. For the self-employed, though not significant, the level of satisfaction with the income generated from the business maintained a positive association with the duration of self-employment. The relationship between the accumulated financial capital and firm longevity captures the essence of entrepreneurial drive that typifies financial motives for individuals to remain in business (Evans and Jovanovic, 1989). Such tangible benefits incentivise self-employed to remain in business longer to experience further fortunes achieved either through higher revenues or through profits through selling a successful business.

The time one takes to make the exit decision is also directly associated with higher household wealth. This result is in accord with Millan et al. (2010), who claimed that household wealth represented by homeownership increases the duration one remains in self-employment. Similar results were found in self-employment research conducted by Williams (2004); Taylor (1999) suggests that the longer self-employment tenure are experienced by those with higher command over financial wealth. In the presence of a secure resource base at the household

level, these self-employed individuals can stay longer in business irrespective of the number of drawings they make from their business. In the absence of such financial security, self-employed consider exit options earlier on in the process as income from self-employment is the only financial capital they possess. In addition to the household wealth, the income contribution from members of the household is an important contributor to venture survival (Carter *et al.*, 2017). By studying the contribution the spouse can make in determining the duration one can survive in business, this research makes a contribution to this literature. This research found that those self-employed sharing a household with a partner in employment brings an income to the household stays longer in business compared to those living in single households or households with partner in unemployment. The dual-earner economic strategies are beneficial for entrepreneurial households because the additional income offers protection against possible liquidity crises often face by business owners and self-employed individuals. This is a testament to the cross-subsidies of earnings suggested in (Carter *et al.*, 2017) work where it was suggested that the permeable boundaries between the business and the household spheres are essential for business growth and survival. The findings offer no support for a possible explanation where a self-employed breadwinner was staying longer in comparison to a self-employed taking a secondary role in bringing income into the business. Thus, it is the additional income that motivates the self-employed to remain longer in business rather than the relative position of the self-employed in the income generation model within the household economic strategy.

Although self-employment comes with a greater degree of employment risk and a more volatile income, it can provide a great deal of job flexibility and autonomy (Dawson and Henley, 2012). Given this high level of flexibility, self-employed often chose to use the home as their work base (Reuschke, 2016) with the hope of spending their time effectively (Joona, 2017). This research found that those self-employed operating their businesses from home stay longer in business before they eventually exit from their business. Given the inherent flexibility provided by home-based businesses, self-employed are encouraged to continue with their ventures. Surprisingly, time commitment made by the self-employed individuals towards their businesses did not seem to influence the duration of their business. This result corroborates the findings of (Block and Sandner, 2009), who also rejected the relationship between the time commitment one has on the business at any time point and the duration these individuals remain in business. In contrast to the findings of this thesis and the findings of Block and Sandner

(2009), some research evidence pointed to a positive association; existing work demands measured employing working hours has a positive and significant effect on firm longevity (Williams, 2004; Millán, Congregado and Román, 2012). This result may be explained by informed decisions high prospective business owners/self-employed take earlier in their ventures to disengage themselves as soon as they realise the bleak prospect of the business they run.

The author also found that the time required to care for young children in the household has a negative and significant effect on the time one stays in self-employment. Additional time demands of younger children in the household could divert the focus of the entrepreneurs away from the businesses. This result agrees with Hundley's (2001) finding where it was suggested the presence of young children reduces the earning potential of self-employed and this encourages self-employed parents to leave their businesses earlier to focus on caring roles. Hundley's research particularly highlights the gender role in this relationship and reminds that it is the female self-employed that often leave businesses to avoid high care expenses that they have to afford otherwise. Despite this logical explanation that made possible through the findings from this thesis, entrepreneurship scholars such as Millán, Congregado and Román (2012) explained that children play no role when determining the firm's longevity and Williams (2004) reported that the total number of children had a positive and significant effect on the duration of the business. These discrepancies could be attributed to not considering the child's age while operationalizing the variable or the fact that motivation to carry on with entrepreneurial activities would be more substantial with a higher number of children in the household.

In this thesis, it is also observed that self-employed individuals' commitment to housework could significantly increase the possibility of staying longer in self-employment. Thus, for these self-employed, selecting self-employment as a labour market profession might provide the opportunity to accommodate household and caring responsibilities alongside income-generating activities for the business (Joona, 2017).

5.3.3 Explaining multiple forms of self-employed exit: voluntary exit vs involuntary exit (RQ3)

Findings discussed above [in section 5.3.1 and 5.3.2] suggest that there is no clear-cut explanation applicable across the sample for why and how self-employed experience their exit. When the analysis was guided either by dichotomous exit outcome or self-employment duration, some effects of the resource were obscure. For example, the author observed that for those in self-employment, the likelihood of one facing exit increased significantly with a lower level of knowledge base demonstrated through below secondary educational credentials, which was responsible for a longer tenure in business prior to facing the exit event. Thus, to delve into the real effect of resources, the author further explored how resources determine the route through which self-employed individuals made an exit, taking into account both the time they stayed at and returns they made from the business. What can be observed from the summary table [see Table 5-1] is that while below-average educational qualifications are primarily responsible for involuntary exits, above-average qualifications guide the self-employed into a voluntary exit path. Therefore, there is a need to consider how resources act differently for different groups, resulting in following different exit pathways. It is expected that the implications of entrepreneurial capital to exit vary based on whether the exit was a voluntary (as opposed to involuntary) decision or a positive (vs negative) outcome[2]. By considering exit as a heterogeneous decision, the author can observe the salient role of resources in explaining multiple forms of exit, thus departing from the previous conceptualisation and the one that currently holds (Nielsen and Sarasvathy, 2018), which rest on the idea that exit is a dichotomous outcome.

For both self-employed and business owners, four forms of exit conditions have been identified based on the duration they have been in business and the returns they made from their business. Given this is one of the first attempts to explain exit conditions and the resources that drive those conditions, there is a limited literature base to tap into when offering interpretations to key research findings.

[2] While voluntary positive exit is a condition that is enabled through higher than average income and longer stay in business, those experiencing lower income and staying longer in business exit their businesses were categorised as involuntarily negative exits. Voluntary wasted opportunity is enabled through higher than average income but shorter stay in while involuntary positive exits are associated with lower than average income but shorter stay in the business.

The group who experienced **involuntary negative exits** stayed in business for much longer than others despite making very little return from their businesses. The educational credential can articulate the importance of human capital in explaining this form of unsolicited adverse exits since self-employed with lower qualifications had a higher association with this form of exits. Education is a prerequisite for entrepreneurs to develop their critical thinking and ability to make sound decisions that would help them run their businesses successfully (Marvel, Wolfe and Kuratko, 2020) and the lack of such ability lowers entrepreneurial potential (Jack and Anderson, 1999). Self-employed with previous labour market experience in wage employment had a lower association with such an exit condition. The experience those self-employed brought from their wage employment spell might be beneficial in seeking opportunities and using their social networks to increase survival prospects; thus, this would help them avoid the disastrous outcome, especially a negative one like this. Age as a measure of life experience one could gain with time has guided these 'convenient unsuccessful self-employed' to disengage themselves from an economically unviable venture by recognising the danger in running an unsuccessful venture for a prolonged period without seeking alternative options elsewhere.

Voluntary positive exits are associated with those self-employed who stayed in business for an extended period but made sufficient returns to justify the viability of the business before they eventually made an exit. Self-employed with higher credentials experienced this 'successful exits' pathway, once again supporting the essential knowledge base and legitimacy needed to perform entrepreneurial acts (Zahra and Wright, 2011), thereby enhancing the survival chances of the firm (Zimmerman and Zeitz, 2002).

Age as accumulated human capital can guide the self-employed to wait until the opportune time to disengage from the successful venture to reap the maximum benefits from their business. It is interesting to observe that despite the general understanding that suggests previous labour market experience reduces the possibility of entrepreneurial exit (Shepherd and Wiklund, 2006), this form of human capital offers a different explanation to exit for this exit group. While the findings from this research explain that those with previous wage employment experience exit, they utilise their knowledge, experience and previous networks to succeed in their pursuit and remain in business to explore further opportunities to either add

value to the business or learn from a successful self-employment career episode before they eventually leave their business. It could also be possible that these opportunistic entrepreneurs use strong networks from their previous employment to seek better opportunities and plan their exit so that they can join the labour market again with better options; by issuing IPS or selling the ownership of the venture.

Those self-employed who displayed an **involuntary positive exits** profile left their business involuntarily within a short period of its inception were associated with lower educational credentials. Failing to see the prospects of running a successful business, these self-employed made the right decision to leave the business, possibly after realising their limited capacity to make the financial commitment necessary to run a successful self-employment business. Contrary to expectation, the finding that younger self-employed experience this form of exit could mean that the tacit knowledge acquired through work experience did not help the older self-employed to make the decision to disengage from a non-performing nascent venture. This could be explained by the findings of Ahn (2010), who argued that with age, an individual's risk aversion goes up. Furthermore, previous labour market experience significantly reduces the possibility of one facing this form of exit. Therefore, it is possible to accept that these self-employed may utilise their previous networks to release resources that could be absorbed into the business at its nascent stage to mitigate the poor performances and give them more time to measure the benefits of being in self-employment and thus to avoid such an early exit.

Those self-employed who experienced **voluntary wasted opportunity exit** had high educational credentials. With higher level returns made from the business at the time of exit, one would expect these self-employed to remain in business to reap such returns and turn their already successful business into a fortune. There can be many reasons why these individuals leave their business when they are presented with such opportunities. First, it could well be that the business they operate was simply an experiment for 'testing the waters' and those ambitious, skilled individuals who were expecting higher returns than normal but failing to receive the fortunes they expect at the start of leaving the business. Second, the opportunity costs of selecting into self-employment could be higher for these individuals as their qualifications would better fit with wage employment. Instead of waiting any longer to make the employment transitions, these educated individuals take a positive experience from running a business to

the next stage of their career, perhaps through cooperate entrepreneurship (Zahra, 1991) rather than working for themselves as self-employed. Third, the relationship between risk-taking and educational credentials noted in the literature (Carland III *et al.*, 1995; Black *et al.*, 2018) might explain why highly educated leaving a 'successful business' too early on in the process. These individuals might invest the profits gained from the business in a new and improved venture or took advantage of selling the business to make money. Previous labour market exposure gained through self-employment or wage employment before embarking on the present journey was an enabler for making a voluntary exit for self-employed individuals. This finding could mean that the previous labour market experience and the network opportunities that created had helped these individuals to either sell their businesses to a prospective owner or abandon it altogether as attractive alternative opportunities are plenty. This is consistent with Bates' (2005) findings, where the availability of better alternative opportunities motivated successful business firms to go for exit. It might also be possible that previous experience might help these self-employed learn about their real entrepreneurial ability and adjust their expectation from self-employment upward, resulting in earlier disengagement. The self-employed life experience measured by age guided them to avoid earlier disengagement from a business making positive returns.

5.3.4 Role of Human Capital in explaining different exit groups of the self-employed: a summary

It can be seen from table-5-1 that for the self-employed individuals, voluntary exits were experienced by those with high credentials; those who possessed little to no credentials were pulled out of their self-employed business involuntarily. From the previous discussion on exit vs non-exit, it can be recalled that self-employed individuals with previous experience in self-employment, compared to those with wage employment experience, had a higher likelihood of making an exit. Interestingly, this finding did not hold true when the author, attempts to provide an elaborated explanation based on the form of exit these individuals experience; the relevance of task-related human capital on exit (see, for example, Unger et al., 2011) on exit varies per type of exit. It was observed that the experience of wage employment plays a significant role in explaining and differentiating various forms of exits. It was also noted that while self-employed with previous spells in wage employment experience voluntary exits, the experience one has with an involuntary exit is often associated with a no to lower level of previous labour

market exposure. While credential is an essential form of human capital to avoid involuntary exits irrespective of the form of entrepreneurship one practices, prior experience is more relevant to self-employed businesses, as it can prepare them for the market in a better way. Prior labour market experience and exposure often provide self-employed with valuable social contacts, some of which are more relevant than others to attract necessary resources for their businesses (Hessels *et al.*, 2011). Network resources are invaluable for financially unstable businesses, as often the resource base necessary to survive in business is provided by these networks (Brüderl and Preisendörfer, 1998). Literature also provides examples where network members come in handy in events of business sell-offs (Amaral, Baptista and Lima, 2007), which is a possible event in a voluntary exit. Moreover, when originated from a diverse network, relational human capital could provide more relevant resources for the business (Welbourne and Pardo-del-Val, 2009). This diversity within the network could be a valuable source to discover new opportunities (Parker, 2018). The research also found that those self-employed with previous wage employment experience had a lower association with involuntary exits. They would undertake sincere efforts to stay in business as they have already experienced and tested alternative labour market opportunities. It is possible to accept that one who experienced self-employment prior to starting their subsequent new business to experience voluntary positive exit through harvesting, which is often the case with serial entrepreneurs (Lafontaine and Shaw, 2016). It could also be the case where the entrepreneurs leave one venture and continue with others in portfolio entrepreneurship (Parker, 2014). Prior experience could enable these experienced entrepreneurs to quickly identify whether the current experiment would be a successful one, and if necessary, it could immediately abandon the experiment by moving out of self-employment /business ownership.

With age, entrepreneurs accumulate tacit knowledge essential to succeed in business (Pérez-luño, Saparito and Gopalakrishnan, 2016). Therefore, age can be a predictor that determines various exit forms, mainly when exit conditions are studied in relation to positive and negative exits made either voluntarily or involuntarily. Overall, the results suggested that life experience captured through age was invaluable to those who have chosen entrepreneurship as a career to make informed business judgements, especially at times of uncertainty. As with age, entrepreneurs accumulate life experience, gain more exposure to valuable social capital and experience many labour market opportunities (Azoulay *et al.*, 2020). As such, older entrepreneurs generally understand how things usually work around the entrepreneurial setting,

which can inform the exit decision. Thus, older self-employed seems to be making informed decisions relating to the time they should be disengaging from the business and either reap the maximum benefit in the event of a harvest or voluntarily leave the business to minimise the loss if the venture happened to be running at a loss. This is consistent with the findings of Block and Wagner (2010), who noted age could be defining factor for entrepreneurial ability. With experience, an individual may develop their relationship with the social network, which helps them access the most exclusive or least-cost resources for setting up the ventures (Jones and Jayawarna, 2010; Parker, 2018) and social legitimacy (Abell, Crouchley and Mills, 2001). Access to privileged information and resources can help them to identify better opportunities (Ardichvili, Cardozo and Ray, 2003) and decide the right time to disengage from a better performing business. Moreover, a voluntary wasted opportunity exit made by young self-employed indicates that deficiency in tacit knowledge could not help them to make valid judgements about the prospective returns from a nascent enterprise, thereby giving them the courage to explore further.

Table 5. 1 Relative role of human capital in explaining exit profiles of the self-employed individuals

Educational Credentials	
Involuntary negative exit	**Voluntary positive exit**
Low credentials	High credentials
Involuntary positive exits	**Voluntary wasted opportunity exits**
Low credentials	High credentials

Previous labour market experience (self-employment)	
Involuntary negative exit	**Voluntary positive exit**
Lower (NS)	Higher (NS)
Involuntary positive exits	**Voluntary wasted opportunity exits**
Lower	Higher

Previous labour market experience (wage employment)	
Involuntary negative exit	**Voluntary positive exit**
Lower	Higher

Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Higher

Age	
Involuntary negative exit	**Voluntary positive exit**
Older	Older
Involuntary positive exits	Voluntary wasted opportunity exits
Younger	Younger

The research observed that both individual-level **financial capital indicators** were negatively associated with this exit condition for those self-employed individuals who made **involuntary negative exits**. Earnings from self-employment had a non-significant association with this form of exit, indicating the limited relevance of earning potential from self-employment when explaining the continuity or otherwise of businesses run by those experiencing this form of exit. Self-employed who experienced involuntary negative exits also reported a lower level of self-satisfaction with earnings as the business was generating a meagre return at the time of exit. Despite making lower returns, these self-employed have continued their operations as it offers them convenient employment while discharging other responsibilities. This finding is consistent with that of Jayawarna, Marlow and Martinez-Dy (2019), who reported that selecting self-employment as a convenient arrangement for managing household chores and business operation might be a risky option as it often results in poor performance. By exploring different exit forms, the current research has extended their research by offering a context to this explanation; running a business for convenience and flexible working increases one's prospects of experiencing involuntary negative exits. Similar to the above finding at the individual level, a change in household wealth (a measure of financial capital at the household level) also did not influence the prospects of one experiencing an involuntary negative exit.

Self-employed individuals who maintained a secondary breadwinner status in the household and benefited from a financial contribution coming to the household income from spouse's regular job are more likely to be associated with this type of exit. This finding further supports the assertion that these self-employed individuals were operating a business for convenience

to experience the benefits of flexible work arrangements. With a spouse in wage employment, bringing a stable extra income to the household, self-employed individuals have less commitment in terms of their contribution to the household income. These individuals have the added advantage of leaving the business if the self-employment effort is less successful. Thus, the contribution generated in the entrepreneurial household (Carter *et al.*, 2017) might not deter a self-employed operating a low performing business to experience this form of disengagement. More specifically, the research findings inform and extend Carter's (2011) conceptualisation of entrepreneurial rewards in the context of exit forms. When an individual from a resource-poor household embark on an entrepreneurial journey, they are more likely to experience adverse business outcomes suggesting the importance of resources in the 'entrepreneur's life' – entrepreneur and their family in order to exploit and achieve from a business opportunity (Evans and Leighton, 1989).

For those self-employed who gained self-employment experience by being in a successful business for long before making an exit, the higher the earnings from self-employment, the higher their tendency to experiencing a voluntary positive exit. As their businesses stayed in the market for a longer duration enough to make positive returns, these self-employed/ have a higher potential to sell their ventures harvesting the capital gains (DeTienne, McKelvie and Chandler, 2015) before voluntarily disengaging from the business. This type of exit lends support for a strong case of success provide a valid reason why it is misleading to use survival as a measure of success (Nielsen and Sarasvathy, 2018). Clearly, in this scenario, it is resource abundance, not scarcity, as popular theory suggests (Liao, Welsch and Moutray, 2008), that instigated the process of exit. This finding is important, as it refutes the general understanding that low returns from self-employment are responsible for pulling individuals out of self-employed businesses. Instead, findings from this thesis reminds the author that, while returns can be a driving force unless the compound effect is not considered a resource, explanation to exit can be contentious; exits do come in various forms, and the resource implications are different for one group to another.

Moreover, in addition to individual-level income, self-employed who faced such exits had experienced an increase in their household wealth during their time in business. Thus, it is possible to assume that the additional equity owing to the increased property price might be

used as collateral to secure additional funds for setting up another venture or exploiting better alternative opportunities available in the market. Once again, the resource abundance thesis rather than scarcity of resources instigated the process of exit. This research also found a lower association of self-employed maintaining secondary breadwinner status in the household with voluntary positive exits. It is difficult for secondary breadwinners who typically make lower levels of profit and drawing than primary ones (Jayawarna, 2012) to experience such a successful exit. In addition, a self-employed individual receiving a stable household income from spousal employment has a lower association with voluntary positive exit. The literature suggests that those businesses relying on such patchwork arrangements might not be performing at their optimum (Carter *et al.,* 2017). Moreover, self-employed coming from a poverty household had a lower association with such positive exits as being disadvantaged in resource access, and utilisation would not help them experiencing such positive exits. All these findings provide further testaments that resource abundance may instigate this form of exit.

For the self-employed who experienced **involuntary positive exits** by being self-employed for a shorter period with an inferior return**,** the author observed that both financial capital indicators at the individual level had a significant relationship with the form of exit. Those self-employed who faced this type of exit were characterised by lower earnings implying the relevance of financial capital for the self-employed who faced this type of involuntary exit. Moreover, self-employed members of this exit group had reported a lower level of satisfaction with pay as these businesses failed to generate a competitive return at the time of exit. Thus, at the individual level, the scarcity of resources instigated the self-employed to experience this form of exit. At the household level, an increase in household wealth could lower the self-employed individuals' association with this type of exit. Increased household wealth could be used as collateral (Henley, 2004) to seek additional finance, which could address the liquidity crisis faced by the business associated with this form of exit. Moreover, the research also found that self-employed who maintained secondary breadwinner status and living in the poverty household had a higher association with such exits indicating the importance of household-level financial capital in these self-employed individuals' lives. These self-employed individuals did not take a long time to acknowledge the resource deprivation as a reality that hindered their business prospects and, therefore, quickly disengaged from the operation. Even receiving a household subsidy from a stable job could not prevent a self-employed individual's disengagement, emphasising that support from a spouse can be crucial in helping the self-

employed decide quickly to disengage themselves from this kind of non-performing business. This contradicts the findings of Wennberg (2010), who argued that dual-income streams within the household could lower the possibility of married /cohabitated self-employed exit. Jayawarna, Marlow and Swail (2020) also suggested that the contribution of income in dual-earner households from the partner/spouse is a valuable resource base for business owners and one that discourages exit. Most importantly, it is essential to model how resource flows within households intersect with gender and explain the exit conditions for male and female self-employed/ business owners differently. It can be seen that from an individual and household level perspective, the findings lend support to the popular theory of resource scarcity that might instigate this involuntary form of exit.

Those self-employed who experienced **voluntary wasted opportunity** exit disengaged from self-employment early despite doing well had a positive perception of satisfaction with pay as the performance of the venture was satisfactory at the time of exit. However, earnings from self-employment did not have a significant association at the individual level implying limited relevance of earnings in explaining this form of exits. It was the household wealth, a measure at the household level, that was observed to have a significant association with the self-employed (from RRR Table 4-12) who experienced this type of exit. This is a testament to the fact that resource abundance might instigate this form of exit. Furthermore, at the household level, maintaining secondary breadwinner status in the household or working from resource-deprived positions in the household had a lower association with this type of successful exit implying that resource scarcity might have little relevance in explaining this form of exits. Moreover, receiving household contributions from the spouse in stable employment reduces self-employed individual's association with such exit, as the business was performing well. This finding is consistent with the study conducted by Jayawarna, Marlow and Swail (2020), where receiving spousal contribution from the male in wage employment reduced the female entrepreneur's likelihood of exit. Considering entrepreneurial rewards from a dynamic perspective (Carter 2011) allows the researcher, to observe the relative roles of household economic strategy indicators guided by exit conditions, which influenced the self-employed to avoid this form of exits. Findings from this thesis lead the author to recommend that other than individual-level resources, resources at the household level could also be relevant in explaining the exit forms. Moreover, contrary to popular belief, resource abundance, rather than resource scarcity, instigated the self-employed individuals to select voluntary exit forms.

5.3.5 Role of Financial capital in explaining different exit conditions of the self-employed: a summary

For self-employed individuals, while higher earnings from self-employment are primarily associated with voluntary exits, low earnings push these individuals out of business involuntarily. For the self-employed, their reported self-satisfaction with earnings played a significant role in explaining exit, where a higher level of satisfaction was associated with voluntary exits. Linked to a better financial position will improve these satisfied self-employed individuals' content of work and their ability to survive and perform (Millán *et al.*, 2013) who left self-employment for better alternatives; involuntary exits were characterised by lower level satisfaction aligned with a meagre return. Experiencing an increase in the household wealth was associated with voluntary positive exits, where the additional equity in the form of secured loan might instigate the exit process providing support for the resource abundance theory. For those who faced involuntary positive exits, an increase in household wealth could infuse additional inflow at the time of crisis with inferior business performance, which is in line with the scarcity of resource at the household level.

Moreover, those self-employed who ran the business from a resource-poor household had a higher association with involuntary exits and lower association with voluntary exits. The self-employed individuals who lived in a poverty household were observed to be underachievers in terms of net income from self-employment (Jayawarna, Marlow and Martinez-Dy, 2019). By looking at different exit forms, this research aims to contextualise the role of resources in explaining voluntary and involuntary exits. By utilising different exit forms, the present research collaborates and extends their findings into the case of involuntary exits indicating that scarcity of resources could critically influence those self-employed individuals' ability to exploit and achieve from a business opportunity (Evans and Leighton, 1989) who experienced these type of exits. It can also be seen in this thesis how the role of household economic strategy in explaining the different forms of exit changes, albeit in different directions depending on the form of exits. As such, for those self-employed who faced voluntary exits, the household contribution coming from the spouse in wage employment had a negative relationship with this type of exits, while the relationship was positive for involuntary types of exits. Evidence from the literature supports the finding from this thesis that reported receiving contribution from the household will reduce the possibility of exits (Marlow and Swail, 2015) only in the case of

those self-employed who experienced voluntary exits. Those self-employed who maintained their status as secondary breadwinners had a higher association with involuntary exits, lending its support to resource scarcity that might instigate those self-employed to quit. Secondary breadwinners who are reported to be underachievers (Jayawarna, 2012) might find it difficult to continue when the business failed to generate sufficient income at the time of exit. Receiving household contribution from spouse income in wage employment had a lower association with a voluntary exit which indicates that the effectiveness of spousal income can depend on the exit condition, which provides a contextualization of the role of household subsidy in explaining exit (Carter *et al.*, 2017). However, as a household subsidy, the patchwork might not come to the rescue of the entrepreneur if the exit was involuntary where the subsidy from the household might not be sufficient to cover the deficiency as the business was not performing well at the time of exit. In this way, this research extends the current understanding of the role of household strategy in its explanation for exits.

Table 5. 2 Relative role of financial capital indicators in explaining different exit groups of the self-employed individuals

Earnings from Self-employment– individual	
Involuntary negative exit	Voluntary positive exit
Lower (NS)	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Higher (NS)
Satisfaction with pay- individual	
Involuntary negative exit	Voluntary positive exit
Lower	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Higher
Property Price (HH wealth) – Household	
Involuntary negative exit	Voluntary positive exit
Lower (NS)	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Higher from RRR
Secondary breadwinner- Household	
Involuntary negative exit	Voluntary positive exit
Higher	Lower
Involuntary positive exits	Voluntary wasted opportunity exits
Higher	Lower
Spouse job status- Household	
Involuntary negative exit	Voluntary positive exit
Higher	Lower

Involuntary positive exits	Voluntary wasted opportunity exits
Higher	Lower

Living below poverty- *Household*	
Involuntary negative exit	Voluntary positive exit
Higher	Lower
Involuntary positive exits	Voluntary wasted necessity exits
Higher	Lower

Those self-employed who experienced **involuntary negative exits** stayed long without earning positive economic benefit had a lower **time commitment** to the business and higher commitment to perform household chores. It is interesting to note that the presence of young children in the household negatively affected the self-employed facing such exits, which contradicts literature highlighting the impact of younger children on entrepreneurial survival (Conroy, 2019). This apparent contradiction can be explained by the flexibility this arrangement brings to the self-employed to operate their business around other life pursuits such as childcare, where these self-employed are referred to in the literature as convenience entrepreneurs (Jayawarna, Rouse and Kitching, 2013).

In addition, running the business from home, though providing flexibility by moulding business operations to cope with household work (Richomme-Huet and Vial, 2014), could be disadvantageous for the business viability for those self-employed who experienced these types of negative exits. Findings confirm that accepting a role within the household work strategy connected with high levels of domestic/care labour restricts the self-employed and business owners' capacity to apply resources to an opportunity (Thébaud, 2016), which by turn limits returns from entrepreneurship and forces them to disengage involuntarily.

The current study found that self-employed who stayed long in self-employment/businesses in a successful manner and experienced **voluntary positive exits** had made a higher time commitment to the entrepreneurial activity. Though this higher commitment in time made the venture demonstrate superior financial performance, it eventually leads to a voluntary exit which might be associated with harvest events (Morris *et al.*, 2018*)*. Those businesses which were located at home to provide the self-employed flexibility to address both household and

business needs had a lower association with facing such exit, as this kind of flexible arrangement results in lower financial returns (De Vita, Mari and Poggesi, 2014). The presence of young children in the household did not seem to be associated with voluntary positive exit experienced by the self-employed. Furthermore, self-employed who faced this type of exit had less involvement in household work which shifts the commitment balance in favour of the enterprise resulting in satisfactory performance.

Based on the findings, it appears those self-employed who experienced **involuntary positive exits** were less committed to the business. Though no effect of the location of the business was found on this type of exit for the self-employed, it was the additional demand of time placed by the young children in the household that compelled the self-employed to experience such exits. Commitment to housework by these self-employed who experienced such exits was also found to have no association in this research.

Self-employed who experienced **voluntary wasted opportunity exits** were committed to the venture and associated with lower commitment to perform the household chores. The resultant effect from this individual and household level indicator favours the venture with time which has a positive effect on its performance and make it successful within a short period. However, those self-employed who conducted the business from home had a lower association with this type of exits which is justified by the literature where home-based business was associated with the restricted return and higher volatility (Duberley and Carrigan, 2013) and described as a poor solution to combining caring/household labour and economic activity (Jayawarna, Rouse and Kitching, 2013). Moreover, the indicators of household structure could explain such premature exits of these self-employed as carrying out entrepreneurial activities in the presence of young children in the household are could be very demanding (Winn, 2005) and, as such, can absorb resources that may otherwise be devoted to achieving growth of the business.

5.3.6 Role of Time as an entrepreneurial capital in explaining different exit conditions of the self-employed: a summary

Table 5. 3 Relative roles of time as entrepreneurial capital indicators in explaining different exit groups of the self-employed

Weekly hours in business – individual	
Involuntary negative exit	Voluntary positive exit
Self-employed **Lower**	Self-employed Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Self-employed	Self-employed
Lower	Higher

Business location- individual	
Involuntary negative exit	Voluntary positive exit
Self-employed **Higher**	Self-employed Lower
Involuntary positive exits	Voluntary wasted opportunity exits
Self-employed	Self-employed
NS	Lower

Number of young children – Household	
Involuntary negative exit	Voluntary positive exit
Self-employed **Lower**	Self-employed Higher (NS)
Involuntary positive exits	Voluntary wasted opportunity exits
Self-employed	Self-employed
Higher	Higher

Weekly hours in housework- Household	
Involuntary negative exit	Voluntary positive exit
Self-employed **Higher**	Self-employed Lower
Involuntary positive exits	Voluntary wasted opportunity exits
Self-employed	Self-employed
Higher (NS)	Lower

Based on the findings, the commitment to the business had a mixed effect on self-employed who experienced different types of exits. Those who experienced involuntary exits were less committed to the business while providing more time to the business characterised those who experienced voluntary exits. Self-employed with the home-based business was associated with involuntary negative exit and maintained a lower association with voluntary exit, as a home-

based business is a poor solution to combining caring/household labour and economic activity (Jayawarna, Rouse and Kitching, 2013). From Table 5-3 it can be seen that apart from involuntary negative exits, all other exits had a positive association with the presence of younger children in the household for the self-employed individuals. The association household structure had with all the positive exits is consistent with the findings of Conroy (2019), who reported that the age of children within the household had the capacity to influence exit. To cope with the additional time and care demanded by younger children, the entrepreneurs had to compromise with the attention allocated to entrepreneurial activities. This is also supported by Fairchild (2009), who argued that time and resources the parent dedicates to child-rearing might be difficult to reconcile with time-demanding activities of self-employment. The negative association between the presence of young children and experiencing involuntary negative exits implies the flexibility arrangement that accommodates undertaking self-employment as a labour market profession while taking care of children simultaneously. Though this convenience might not help the business in the long run, this arrangement could provide a temporary solution to those self-employed with preschool children in the household. It can also be seen that self-employed who experienced involuntary negative exits made higher commitment to do the household chores. In contrast, less commitment to housework was associated with those self-employed who experienced voluntary exits, allowing them ample time to concentrate in the business and made the venture perform competitively at the time of exit. In this research, from time as a resource perspective, household work strategy (demand and structure) was observed to be a significant determinant to explain different exit conditions experienced by the self-employed from a time perspective.

5.4 Section 2: Entrepreneurial exit as it relates to business owners

5.4.1 Comparing exit vs non-exit (RQ1) for the business owners

Educational qualification as a static **human capital** indicator at the individual level had a negative association with the exit made by the business owners. Compared to highly qualified business owners without any formal education had a higher possibility of facing churn. [see 5.3.1 for explanation]. However, there is little evidence to suggest that previous labour market exposure enabled the business owners to avoid exit. In an incorporated business, business

owners have the luxury of employing skilled and experienced personnel to address skills gaps within the business (Jones, Macpherson and Jayawarna, 2013) due to their higher earnings (Levine and Rubinstein, 2016) and control over more resources (Light and Munk, 2015). This could facilitate the smooth running of the business operations without necessarily the business owner providing the required human capital to navigate the business to avoid a possible exit successfully. For business owners, regular updates of business acumen through training helps business owners identify new opportunities that could boost the chances of survival and reduce the possibility of exit.

As an individual level **financial capital** indicator, earnings from the business accumulated over the life course could reduce the possibility of business owners' exit indicating the importance of earnings in ensuring the continuity of the business. It might seem counterintuitive that for the business owners who had a higher level of satisfaction with the income from the business was associated with higher chances of exit, but this finding is less surprising if the author considers financial rewards might motivate the business owners to seek financial harvest exits (DeTienne, McKelvie and Chandler, 2015). It is interesting to observe the relation between exit probabilities for business owners with their perceived financial situation while in the business. The business owners made the exit decision despite receiving satisfactory levels of income which suggests a possible selection effect for more privileged individuals. Literature (see for example Hamilton, 2000; Parker, 1997) suggests that income from employment are higher than from entrepreneurship and business owners with strong class pathways often take career decisions by weighing the current benefits in relation to possible future benefits. Therefore, it may be rational for those experiencing positive returns from their businesses to consider exists so they can apply their resources to employment for higher returns or invest those resources in subsequent business ownership for more lucrative opportunities.

A closer inspection of the results also reveals that an increase in fixed household wealth could significantly lower business owners' probability of experiencing exit. It could be used as a secured arrangement to get funds from financial institutions. In this way, it can address the liquidity crisis the business currently faces (Fairlie and Krashinsky, 2012) and lowers the chances of disengagement (Frid et al., 2016). However, chances of survival for the business owners maintaining secondary breadwinner status were higher when the primary breadwinner

contributed to household income. Business owners often make higher initial investments to set up their formal business and thus have an obligation to remain in business irrespective of their household economic strategies. Secondary breadwinners have the added advantage of receiving a subsidy from their primary breadwinner to continue with their venture experiment and, therefore, have a higher likelihood of remaining in business despite their business's negative returns. This is often the case with female business owners living in a household with a primary male breadwinner contributing to a higher share of the household income facing an increased chance of persisting than the scenario where a male-owned business makes a secondary contribution (Jayawarna, Marlow and Swail, 2020). The author acknowledges that these economic strategies represent rational decision-making from a household perspective, given how the venture meets life course demands presented at various time points. This is an important research agenda. Business owners living in the same household with an employed spouse had a lower possibility of facing exit in comparison to those with unemployed spouses. Moreover, exits of the business owners in this research did not seem to be influenced by their living in a resource-poor household.

Business owners who demonstrated **higher time commitment** to the business had lower chances of exit. A positive commitment to the business by the business owners could affect their survival prospects, and the higher the commitment they made to the business, the higher the probability of avoiding a possible exit. The business owners who ran home-based businesses had a significantly higher possibility of experiencing exit than those whose business premises were away from home. Though it accommodates juggling family and work roles (Parker, 2018), this apparent flexibility generated through running a home-based business may eventually enforce a penalty in terms of profit and earnings (Jayawarna, 2012), detrimental to the survival of the ventures. Though the relation was negative, younger children's presence did not significantly influence business owners' exits.

Surprisingly, for business owners, weekly hours in housework was observed to have a negative association with exit. Even though the relationship was not statistically significant, the result is somewhat counterintuitive. This discrepancy could be attributed to a gendered ascription of household roles and is consistent with the finding of Jayawarna, Marlow and Martinez-Dy (2019) recent paper where the flexible work arrangements and less attractive business opportunities would encourage female self-employed to choose entrepreneurship as a

profession. Even though the return from the business is meagre or negative, that will not deter the female self-employed to choose self-employment as a labour market profession due to its offering a package of pecuniary and non-pecuniary benefits. Contrary to expectation, business owners' exits did not seem to be influenced by the responsibilities related to childcare.

5.4.2 Time to make an exit: who stays longer in business prior to making the exit decision (RQ2)

The research confirmed that business owners who were older and had low educational credentials stayed longer in the business. However, the duration a business owner would remain in business was neither affected by the training they received nor by their previous labour market exposure [see 5.3.2 for further explanations].

Even though the impact of earnings on the duration of business ownership was positive for the business owners, the effect was found to be non-significant. Despite being a significant predictor in business owner's exit, the irrelevance of earning in predicting duration of the business ownership indicates that there may be other factors which played more prominent role in explaining duration of business owner's association to the business. However, duration of business ownership had a positive association with their self-satisfaction with the income generated from the business. This implies that for an incorporated business, business owners would maintain its continuity as long as they remain satisfied with the business's financial performance. The time the business owners take to make the exit decision is observed to have a direct association with higher household wealth. The finding is consistent with other research where household wealth had a positive impact on the entrepreneurial process. (Disney and Gathergood, 2009; Fairlie and Krashinsky, 2012). It was observed that receiving contribution from the spouse in wage employment would also significantly positively extend business owners' period of attachment to the business. Moreover, for the business owners, maintaining secondary breadwinner status resulted in a shorter tenure of ownership duration. Thus, it is the relative position of the business owners in the income generation model within the household economic strategy that motivates the self-employed to remain longer in business. These results related to financial capital at the household level seem to fly in the face of findings from the previous study (Van Praag, 2003), which suggested that the business owners' financial position in the household did not influence the duration of business ownership.

This research found that those business owners operating their businesses from home stay longer in business before they eventually exit from their business. Business owners were encouraged to continue with the home-based business due to the flexibility of maintaining work-family balance (Thébaud, 2016). Surprisingly, for business owners, their commitment to the business had no influence on the duration of business ownership. It is also observed that the time required to care for young children in the household has a negative and significant effect on the duration of time one stays in business. Additional time demands placed by younger children in the household could shift the focus of the business owners away from the businesses. For the business owners, even though the effect of household commitment was not significant, the direction of the relationship raises a thought-provoking point. This finding is less surprising if the author considers that committing more hours to do the household chores by the business owners might adversely affect their business commitment, resulting in a shorter duration of business ownership.

5.4.3 Explaining multiple forms of business owners exit: voluntary exit vs involuntary exit (RQ3)

Business owners who experienced **involuntary negative exits** were those who stayed longer in the business despite making very little return. A cursory glance at Table 5-4 indicates that business owners who experienced this type of exit had a lower level of educational qualification, demonstrating the importance of educational credentials for their survival. This finding is consistent with contemporary literature that suggests the importance of education in increasing an entrepreneur's general stock of information and skills, including those needed to identify and exploit opportunities (Marvel, Wolfe and Kuratko, 2020), the lack of which resulting in entrepreneurial failure. Moreover, the experience this group of business owners gained through previous labour market exposure did not seem to influence this form of exits suggesting that it is the type of experience that matters for business owners to avoid possible 'serial failures'. In addition, the life experience measured by age did not guide the business owners who experienced involuntary negative exits to disengage earlier from such non-performing ventures.

Business owners with higher credentials experienced this 'successful exits' pathway referred to **as voluntary positive exit**. Age as a proxy for life experiences guided the business owners to decide the right time to disengage from the successful venture to reap the maximum benefit from this kind of voluntary exit. It is interesting to see that previous experience in wage employment did not appear significant for explaining business owners' voluntary positive exits. It is possible to expect business owners to follow a different career pathway, often as a serial entrepreneur following a successful exit. As Parker (2018) suggests, it is the experience from the current business that serial entrepreneurs take to explore new entrepreneurial opportunities.

The effect of education on a business owner selecting **involuntary positive exit** indicated that business owners with higher credentials made an exit earlier in their venturing experiment when they realised the opportunity costs of embarking on entrepreneurial carrier pathways was high. It supports the judgment call made by the business owners regarding earlier disengagement from a non-performing business as soon as they identify a bleak outlook for the venture. Thus in a real sense, this involuntary exit has some positive aspects for those business owners who experienced such exits (Yusuf, 2012) as early exit means more time and money investments for better careers are possible. Moreover, the research found that younger business owners were associated with this form of exit, which, even though contradictory in terms of human experience role, could be explained by the risk averseness associated with the aged entrepreneurs (Zhao *et al.*, 2020). However, previous labour market experience could not explain involuntary positive exits faced by the business owners.

Business owners who experienced **voluntary wasted opportunity exit** in this research were associated with higher educational credentials. Though previous labour market experience did not influence, it was the life experience that guided these business owners to avoid disengagement from a business making positive returns. Thus, age as a measure of accumulated human experience can provide guidance and courage to this thriving business owners group to carry on with this type of ventures rather than disengaging quickly within a short period of their inception.

5.4.4 Role of Human Capital in explaining different exit groups of the business owners: a summary

It can be seen from table 5-4 that for the business owners, high credentials were not only associated with those who experienced voluntary positive exits, but business owners who experienced involuntary positive exits were also found to be associated with higher credentials. This finding is important as it suggests that business owners' human capital guided them to make an informed decision about the exit strategy. They disengaged from their low performing businesses earlier, often termed as an intelligent exit (Yusuf, 2012), to avoid making further investments in a business that does not provide long term returns. This exit strategy encourages business owners to utilise their human capital on more productive labour market opportunities.

Unlike previous labour market experience, age as a measure of life experience guided the business owners to make informed decisions about the ideal time of disengagement from the business. The timing of disengagement would help them reap the maximum benefit in the event of a harvest or capitalize on a long-term prospect when they voluntarily leave the business.

Table 5. 4 Relative role of human capital in explaining business owners exit profiles

Educational Credentials	
Involuntary negative exit	Voluntary positive exit
Low credentials	High credentials
Involuntary positive exits	Voluntary wasted opportunity exits
High credentials	High credentials

Previous labour market experience (self-employment)	
Involuntary negative exit	Voluntary positive exit
Non-significant	Non-significant
Involuntary positive exits	Voluntary wasted opportunity exits
Non-significant	Non-significant

Previous labour market experience (wage employment)	
Involuntary negative exit	Voluntary positive exit
Non-significant	Non-significant
Involuntary positive exits Non-significant	Voluntary wasted opportunity exits Non-significant

Age	
Involuntary negative exit	Voluntary positive exit
Non-significant	Older
Involuntary positive exits Younger	Voluntary wasted opportunity exits Younger

For the business owners who faced **involuntary negative exits**, an increase in earnings from the business, a **financial capital** indicator at the individual level, would have a lower association with involuntary negative exits. Thus, earning as a direct pecuniary indicator demonstrated its relevance for avoiding exits associated with those who performed poorly despite staying long in the business. Resource scarcity at both individual and household levels could instigate the business owners to experience this form of exit. Experiencing an increase in household wealth had significantly lower business owners' association with such exits. The additional infusion of equity through a change in the property price could help the business address the liquidity crisis as the business failed to generate sufficient return despite working for a long time. Moreover, the other household-level indicators also implied it is the scarcity of resources that might instigate the exit of the business owners who experienced this form of exit. Business owners who maintained secondary breadwinners' status in the household and who run the business from a resource-poor household had a higher association with this type of exits, indicating the importance of resources for the survival of these business owners. In addition, business owners who received a subsidy from the household through spousal contribution from wage employment had a higher association with this form of exits indicating the limited role of such contribution in the case of an involuntary exit where the business is pushed out due to its lower performance.

For those business owners who gained business experience by being in a successful business for long before making an exit and faced **voluntary positive exits**, the higher the earnings from the business, the higher their tendency to experience a voluntary positive exit. In addition to the indicator of financial capital at the individual level, the author observed that experiencing an increase in household wealth had a positive association with exit. In this scenario, it is clear that resource abundance rather than resource scarcity instigated the exit process. Moreover, business owners working from a resource-disadvantaged position in the household, indicated by maintaining a secondary breadwinner status and living in a poverty household, had a lower association with this exit form, suggesting that resource abundance and not resource scarcity instigate the business owners to embrace this form of exits. Moreover, business owners receiving spousal contributions from a stable job had a lower association with such exit conditions.

Business owners who experienced **involuntary positive exits** had lower earnings from businesses and did not experience an increase in household wealth, implying the importance of financial resources for the business owners who faced liquidity related problems. Thus, resource scarcity might provide a more relevant explanation for the business owners who experienced this form of exits. The role of resource scarcity is further credentialed by the significant positive association of two other household-level financial indicators. Business owners who maintained secondary breadwinner status and living in the poverty household were observed to be associated with such exits.

Business owners who experienced this **voluntary wasted opportunity exit** were associated with higher earnings from the business and experienced an increase in household wealth. As such, despite experiencing an increase in financial wealth at the individual and household level, these business owners still disengaged themselves from successful businesses implying the resource abundance to exploit alternative opportunities, which is contrary to what has been suggested in the literature as resource scarcity that drives the entrepreneurs out of business when the exit was treated as a dichotomous outcome(Liao, Welsch and Moutray, 2008). Business owners who maintained secondary breadwinner status in the household and working from a resource-poor household had a lower association with this type of successful exits. It is challenging to achieve this type of successful business exit from working in an impoverished

resource setting. Business owners also had reduced association with such exit when they received spousal contributions as a household subsidy. [see 5.3.5 for further elaboration].

5.4.5 Role of Financial capital in explaining different exit conditions of the business owners: a summary

For business owners, voluntary exits were associated with those who experienced an increase in earnings from business; those with lower earnings were pulled out from business involuntarily as earnings were crucial for survival for those businesses which were not performing well and at the same time had reduced access to external financing. As earnings create earnings growth intention and capability (Jayawarna et al., 2014), despite being better performers, these voluntary exits were made by the business owners to exploit better opportunities. For the business owners at the individual level, earnings from the business have played a more influential role than the other individual-level indicator 'satisfaction with the earning' in explaining different forms of exit. At the household level, experiencing an increase in household wealth was associated with voluntary positive exits. The business owners could utilise this additional inflow to exploit better alternatives (Reuschke and Maclennan, 2014). Thus, voluntary positive exits might be instigated by the resource abundance of the business owners. For involuntary exits, an increase in household wealth had a lower association with those business owners who experienced this form of exits.

Moreover, business owners who ran the business from a resource-poor household had a higher association with involuntary exits and a lower association with voluntary exits contextualizing the role of resources in its explanation of voluntary and involuntary exits. Business owners who maintained secondary breadwinner status at the household and who received a household contribution from a stable income source in the household had a lower association with voluntary exits and higher association with involuntary exits [For further explanation, see 5.3.5]

Table 5. 5 Relative role of financial capital indicators in explaining different exit groups

Earnings from the business – individual	
Involuntary negative exit	Voluntary positive exit
Lower	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Higher
Satisfaction with pay- individual	
Involuntary negative exit	Voluntary positive exit
Lower(NS)	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Lower (NS)	Lower (NS)
Property Price (HH wealth) – Household	
Involuntary negative exit	Voluntary positive exit
Lower	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Higher (NS)
Secondary breadwinner- Household	
Involuntary negative exit	Voluntary positive exit
Higher	Lower
Involuntary positive exits	Voluntary wasted opportunity exits
Higher	Lower (NS)
Spouse job status- Household	
Involuntary negative exit	Voluntary positive exit
Higher	Lower (NS)
Involuntary positive exits	Voluntary wasted opportunity exits
Higher (NS)	Lower
Living below poverty- ***Household***	
Involuntary negative exit	Voluntary positive exit
Higher	Lower
Involuntary positive exits	Voluntary wasted opportunity exits
Higher	Lower

Those self-employed and business owners who stayed long without earning positive economic benefits facing **involuntary negative exits** made less **time commitment** to the business and higher commitment to household chores. The effect of younger children's presence in the household was not found to be associated with the business owners who experienced this form of exits.

Business owners, who experienced **voluntary positive exits**, made a higher time commitment to the business and had a lower involvement in doing household chores. Moreover, business owners who experienced voluntary positive exit had the presence of young children in the household, as the young children demand added attention and care. This finding was mainly explained in section 1 (5.3.6) as a household structure related issue which might influence these business owners to leave a successful venture.

Based on the findings, it appears that neither the business owners' time commitment to the business nor the location of the business was associated with **involuntary positive exits**. The additional demand of time due to the presence of preschool children in the household compelled business owners to experience such exits. Moreover, business owners with higher commitment to housework were less associated with this type of exit where the commitment balance changes against the detriment of the venture. Thus, too much workload could influence their actions and effectiveness (Lippmann and Aldrich, 2016), causing a shift in the temporal focus and eventually forced these business owners to make such exits.

Business owners who experienced **voluntary wasted opportunity exits** made lower commitments to perform the household chores. Though their exits had no association with a commitment to the business, business owners who conducted the business from home had a lower association with this type of exits as it was in the case of the voluntary positive exits in this research. The presence of young children did not seem to be associated with those business owners who experienced these forms of exit.

5.4.6 Role of Time as an entrepreneurial capital in explaining different exit conditions: a summary

Table 5. 6 Relative roles of time as entrepreneurial capital indicators in explaining different exit groups of business owners

Weekly hours in business – individual	
Involuntary negative exit	Voluntary positive exit
Lower	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Higher (NS)	Higher (NS)
Business location- individual	
Involuntary negative exit	Voluntary positive exit
(NS)	(NS)
Involuntary positive exits	Voluntary wasted opportunity exits
NS	Lower
Number of young children – Household	
Involuntary negative exit	Voluntary positive exit
Lower (NS)	Higher
Involuntary positive exits	Voluntary wasted opportunity exits
Higher	Higher (NS)
Weekly hours in housework- Household	
Involuntary negative exit	Voluntary positive exit
Higher	Lower
Involuntary positive exits	Voluntary wasted opportunity exits
Lower	Lower

Findings indicate that time commitment to the business had a mixed effect on the business owners who experienced different forms of voluntary and involuntary exits. Those who experienced involuntary negative exits were associated with lower commitment to the business, while allocating more time to the business was observed to be associated with voluntary positive exits. Moreover, voluntary wasted opportunity exits had a significantly lower association with business owners operating from home-indicating the penalty to accommodate the flexible arrangement (Jayawarna, Marlow and Swail, 2020) might be an obstacle for them to experience such exits. The presence of younger children in the household was found to maintain a largely positive association with the exit, indicating the important role played by the household structure in explaining the business owners' exits. It can also be seen that business owners who experienced involuntary negative exits made higher commitments to do the household chores. In contrast, less commitment to housework characterised those business

owners who experienced exits associated with some positive aspect (higher return/lower time to disengage). As such, it can be observed in this research that both household demand and household structure could explain the exit profile experienced by the business owners [Since many of the resource implications for time as an entrepreneurial capital are similar to the self-employed, see explanations provided in section 5.3.6].

5.5 Conclusion

This chapter has reported and discussed the key findings from the previous chapter to answer the research questions. An attempt is made to interpret the findings with reference to the research questions by making a smooth synthesis between the results and the extant literature. Following the lead of Chapter 4 (Analysis), the contents in this chapter have been arranged into two sections offering discussions related to the self-employed individual experiencing exit followed by the business owner experiencing the same fate.

Chapter Six: Conclusion

6.1 Introduction

Exit places an important and significant role in the entrepreneurial journey. The term exit has been used in the extant literature to refer to three possible scenarios: entrepreneur exiting from the business, business exiting from the market, entrepreneur exiting from the business at the same time the business exiting from the market. This thesis studies the former referred to in the literature as 'entrepreneurial exit' (DeTienne, 2010). While the phenomenon of entrepreneurial exit has attracted the attention of both academics and practitioners (DeTienne and Wennberg, 2015; Morris *et al.*, 2018), a thorough review of existing entrepreneurship literature points to a relatively fragmented and disjointed understanding of the topic that in turn seems to be based on multiple assumptions, theoretical and conceptual approaches, as well as different methodological and empirical grounds (DeTienne and Wennberg, 2016). Researchers have consequently identified entrepreneurial exit as a topic that brings both theoretical and empirical challenges but one that needs attention to fully understand the entrepreneurial process (Morris *et al.*, 2018).

It is also noted that dichotomous approaches to business exit differentiating between financial failure and voluntary closure are simplistic (Justo et al., 2016). Such a dichotomy fails to capture the nuanced and complex processes and outcomes that contribute to the eventual exit that pushes entrepreneurs away from market trading. Indeed, there has been a tendency to observe exit as a negative culmination to the entrepreneurial process despite many existing entrepreneurs experience positive outcome harvest sales (DeTienne and Wennberg, 2015). Thus, it has been established that the rationale for, and the process of, business/self-employed exit relates to a diverse multiplicity of issues. Consequently, whilst the nuances and outcomes of exit have been afforded much greater recognition, this debate tends to focus upon the ambivalent future of the venture, or the entrepreneur, at a particular point in time. However, this thesis suggests that progression towards the entrepreneurial exit, whether positive or negative, occurs over time and is socially situated. To explore this argument, the author critically analyses how household dynamics intertwine with the entrepreneurial exit process.

6.2 Entrepreneurial Exit - the current knowledge gap

Contemporary analyses of entrepreneurial exit have recognised the nuanced and complex processes and outcomes that contribute to this decision (De Tienne and Wennberg, 2015; Justo et al., 2015). Thus, it has been established that the rationale for, and the process of, entrepreneurs leaving the business they created to revolve around a diverse multiplicity of issues, largely defined by the potential (or lack of) an individual has in accessing and applying resources to opportunities (Liao, Welsch and Moutray, 2008). Within this research, the author has explored the role of resources possessed by the self-employed individuals or business owners (typically represented as entrepreneurs in the literature) upon their decision to exit from a venture. Although the subject of exit has attracted significant research attention in the past (Morris *et al.*, 2018), there is still a need in the entrepreneurship literature to generate additional insights on the causes (DeTienne and Wennberg, 2016) and the forms of entrepreneurial exit decision (Wennberg *et al.*, 2010*)*. Whilst it is well-rehearsed that the availability of resources enables successful entry into entrepreneurship (Kim, Aldrich and Keister, 2006), how multiple resource dimensions, individually or in combination, influence entrepreneurial exit from the firm requires greater scrutiny. Within extant analyses of entrepreneurial exit, a dominant explanation rests on financial returns; sub-optimal ventures will eventually exit the market due to a lack of financial viability (Ucbasuran et al., 2012; Coad, 2016). Moving beyond the direct relationship proposed between financial capital and business survival prospects (Taylor, 1999), this research studied how the ownership of human capital, accumulated financial capital and the time commitment (as a resource) one makes to positively respond to work and life demands shape entrepreneurial activities and specifically, the entrepreneur exit from business ownership.

Furthermore, it was observed that existing entrepreneurial exit literature accepts and treats exit as an individual decision, one that is separate from the household. Whilst the exit decision may eventually be articulated and actioned by a designated entrepreneur[s] with reference to the ownership (or lack of) resources, the author contends that social relations within the entrepreneurial household create nebulous boundaries between the domestic and business sphere (Carter et al., 2017) which affect this critical decision (Shepherd and Patzelt, 2017). Consequently, the author draws upon household level resources to evaluate how relational ties (Donati and Archer, 2015) interweave and change over time to influence

decisions. Adopting this approach acknowledges that entrepreneurial activity is largely embedded within households in the form of spousal partnerships through income contributions and informal resource exchanges such as taking caring roles or breadwinner roles and can thrive or falter depending on both household dynamics and individual life-course stages (Carter et al., 2017). Researchers have only recently begun questioning the role of the household and the associated gender explanation for the entrepreneurial exit decision. For example, Jayawarna, Marlow and Swail (2020) note that the factors influencing entrepreneurial exit decisions are not comprehensively studied or reliably measured due to the limited attention the extant literature paid to the role households make to entrepreneurial decision making. This research responds to this call to embed an entrepreneurial exit decision within the entrepreneurial household.

The author also argues that the ownership of resources and the ability for the entrepreneur to apply such resources vary over time and influence the decision whether to remain or exit with their entrepreneurial adventure. However, the exiting research tends to focus upon the decision point informing the ambivalent future of the entrepreneur and/or their venture at a point in time. Charged by high uncertainty, emotion, time and a diverse range of consequences, this is unlikely to be a 'snap' decision; as noted by Wennberg and DeTienne (2014) it is likely to arise from an incremental series of events that eventually coalesce into an exit decision. To illustrate such incremental events, the author critically analysed how various elements of life course and household dynamics combined to influence the entrepreneur's exit process and decision. More specifically, this research used a life-course framework to analyse the exit transitions self-employed and business owners experience in the course of their individual, household and business life courses.

6.3 Theoretical and analytical approach followed

In response to such concerns, this study builds upon an entrepreneurial resource model drawing on the resource-based perspective of entrepreneurial venturing (Wiklund and Shepherd, 2003); several lines of evidence highlighted the importance of the availability of and access to financial and non-financial resources both to continue venturing and to avoid exit. Many entrepreneurship scholars regard Bourdieu's conception of capital as an extension of the resource-based perspective (Penrose, 1959; Barney, 1991) of the firm (Brush et al., 2001) and

highlight various forms of capital contributing to both venture start-up (Erikson, 2002; Firkin, 2003) and its sustained development (Davidsson and Honig, 2003). In this research, borrowing ideas from Bourdieu's conception of capital, the author views entrepreneur resource base as complex and dynamic and draw on human capital, financial capital and time as important resources to conceptualise entrepreneur exit as the outcome of a process that demands the effective application of resources to the opportunity to determine one's faith in entrepreneurship.

The author further argues that entrepreneurs' actions are bounded by context (Alsos, Carter and Ljunggren, 2014a; Welter, 2011), and proposes that the capacity to accrue resources and apply them to opportunity is emergent from a lifetime's experience of interacting with a multitude of social relations and, so, is largely shaped by resource base at the entrepreneurial household (Alsos, Carter and Ljunggren, 2014b). Sociological theory on household roles as applied to entrepreneurship reminds the author of the importance of family and the entrepreneur's ability to manage multiple roles related to working life and family life to succeed in entrepreneurship. More specifically, the household explanation to entrepreneurial propensity highlight time demands associated with caring and domestic labour (Joona, 2017) and the spousal contribution to the earning potential of entrepreneurs (Jayawarna et al., 2020). Whilst adopting the entrepreneurial household as the framing context and reflecting foundational work by Pahl (1984) analysing household dynamics, the author drew upon the resource base entrepreneur and their household acquired over time to analyse how these resources channelled the business and household activities and responsibilities at different points with the life course and how these, in turn, shape the exit decision. Recent work has used life course analysis to suggest entrepreneurship as emergent from various interactions with multiple actors and actions that produce life chances. As Carter (2011) suggests, as individual actions change in the context of other social factors over time, it is not advisable to use static data to model such a dynamic process. Therefore, in this research, the author used a life course approach to model exit over the business life course in the context of the life course of the entrepreneur and their household. The author provided a test of an analytical life course framework for exit by modelling various resources and resource configurations over the business life course up to one experiencing the exit event, employing eight waves (2009-2016) of the Understanding Society data (UKHLS). Using this analysis, informed by theoretical framework, the author departs from the normative

explanations of exit focused upon economic imperatives recognising how complex relationships between individuals, the business and the household contribute to this process.

6.4 Research questions: why these questions are important

As has been explained above and throughout the thesis, this research drew upon the household and life course analyses, informed by Bourdieu's (1986) conception of human capital, financial capital and 'time' resource, to evaluate how key entrepreneurial resource bases interweave and change over time to inform the complex process surrounding the exit decision and the process. Understanding exit from a resource perspective, particularly one in relation to how entrepreneurial actors involved in the exchange of resources between the business and their households resonates with contemporary arguments in sociological literature that suggest household as a key social unit contributing to an individuals position in the labour market (Mwaura and Carter, 2015). The likelihood of one experiencing the exit event in relation to their individual level human capital and the financial and time resources at the business-family interface (Hsu et al., 2016; Yang and Triana, 2017) informs the first research question: "*To evaluate how business owner's/ self-employment individual's exit decision is influenced by the resources (level and type) they have processed and accumulated over their individual, business and household life courses?* ". Offering an explanation for the dichotomy between one making an exit versus one avoiding an exit is important, especially from a combined resource perspective (both type and level) considering important resource dynamics over the life course. While doing so, this research has also responded to the call to integrate the household perspective into entrepreneurship research (Alsos, Carter and Ljunggren, 2014a; Carter et al., 2017) by considering resources at the household level.

While studying different determinants to discriminate exit from survival is important (as is the case with question 1), such an analysis cannot capture the complexity of the exit decision because there can be a group who stayed in business longer than others before they were eventually making the exit decision. It is therefore essential to study the time duration business owners/self-employed individuals attached to their businesses before they make the exit decision to understand the nature of resources (type and level) that drive business owners/self-employed to remain in business for longer than others before they are eventually making an

exit. Research question 2: *" To critically analyse how these resources affect the duration a business owner/a self-employed individual remained in business prior to them making an exit?"* explored this, taking business duration as its dependent variable. In research question 3: *"To explore prevalent forms of exit by critically appraising how resources possessed by the business owner/self-employed and their households influence the conditions for these different forms of exit?",* the author moved beyond offering a binary categorisation of entrepreneurial exit to provide a more comprehensive explanation by recognising the heterogeneous exit conditions taking into account '***returns from business*** ownership/self-employment' before making the exit decision and the '***duration one takes to make this decision***. By acknowledging the existence of different forms of exit and creating varying profiles to explain conditions associated with these different forms, the author's explanation for entrepreneurial exit departs from the normative explanations that largely focused upon the exit vs non-exit dichotomy created so far in the literature focusing on economic imperatives. Thus by recognising how complex relationships between individuals, the business and the household contribute to the exit process, this analysis contributes to, and advances, existing literature for as Van Praag (2003) note, analyses of the influence of resources on entrepreneurial activity is focused upon entry with a bias towards venture creation and growth but rarely explores its role in defining conditions for types of exits.

6.5 Major findings:

Findings from this thesis provide a clear indication that fixed and accumulated **human capital** [see summary Table 6.1, Annexure 6] can influence exit decisions in various ways for both self-employed and business owners. The effects of human capital in predicting the likelihood of one making an exit from the business they created became more diverse when the analysis moved from one that considered the binary definition to exit (exit vs non-exit) to one that determines the conditions for various forms of exit. For example, the author observed that for those in self-employment/businesses, prospects of one avoiding the exit event are more likely for those with higher educational credentials. For the same group, the lower knowledge base was responsible for one staying longer in business prior to facing the exit event. Given that the occurrence of the exit event is independent of the time one takes to make the exit decision, there is a cloudy perspective around the explanation for why and how entrepreneurs experience

their exit. In order to resolve this puzzle, the author further explored how the effects of resources determine the route through which self-employed individuals and business owners make an exit taking into account both the duration and returns from their business. What can be observed from the summary table [see summary Table 6.1, Annexure 6] is that while below-average educational qualifications are primarily responsible for involuntary exits, above-average qualifications guide the self-employed into a voluntary exit path. In most parts, the results for the business owners painted a similar picture to the self-employed except for involuntary positive exits where higher educational credentials played an indispensable role in pushing one out of business. Referred to as intelligent exits (Yusuf, 2012), one endowed with higher human capital make informed decisions, and despite seeing some immediate returns, they make decisions that have longer-term implications to both the business owner and the entrepreneurial business they owned. Literature also agrees that business owners have higher education than self-employed individuals (Light and Munk, 2016) and they are better positioned to make informed 'intelligent business decisions' (Raffiee and Feng, 2014). One other key observation was that self-employed with labour market experience had a lower possibility of making an exit, but when these experienced individuals eventually made an exit, they reported a longer business tenure prior to facing the exit event. It was observed in this thesis that while self-employment experience is a decisive marker for demarcating exits from non-exits, it is the wage employment experience that takes a larger share of the determinants explaining various forms of exits. Here, the multiplicity of experiences obtained through wage employment might play a crucial role in explaining various exit forms. Clearly, for the business owners, possession of previous labour market experience did not help to explain why they experience different forms of exit. As a measure of accumulated life experience, age was also found to be a decisive factor responsible for one making the exit decision (Azoulay *et al.*, 2020). This relationship was observed for both self-employed and business owner groups, but with increasing age, the period one remains in business before they eventually make the exit increases. Moreover, age is a clear divider between voluntary vs involuntary and positive vs negative exits. It can be seen that the older self-employed/business owners have a higher tendency to experience voluntary positive or involuntary negative exits meaning that they are more likely to be able to maximize their benefits through a harvest sale or make the wiser decision to leave the business earlier if they see financial hardships.

Moreover, tendency for premature disengagement, which was observed within members experienced voluntary wasted opportunity exits are higher among the young self-employed/business owners. This testified that limited tacit knowledge would make it difficult for them (Pérez-luño, Saparito and Gopalakrishnan, 2016) to make a valid assessment of returns from the venture, thereby making unwise decision to make an early exit. The results provide empirical support for the comprehensive review conducted by Marvel, Davis and Sproul (2016), where they offered support for the notion that depending on different milestones in the entrepreneurial process, the effects of human capital on entrepreneurial outcomes vary.

In this research, a number of **financial capital** indicators measured both at the individual and the household level were found to be playing an important role in explaining the exit decision for both the self-employed and the business owners [see summary Table 6.2, Annexure 7]. When the analysis moved from determining dichotomous exit output to exploring various exit conditions, the effects of financial capital on the entrepreneurs making an exit from the business they created became gradually more visible. For example, the author observed that for self-employed/business owners, the likelihood of one facing exit reduces with an increase in both individual and household level wealth. It was also observed that the self-employed individuals with higher earnings and household wealth experiencing a longer tenure in business before they facing the exit event. It was further explored how the effects of financial capital determine the route through which self-employed individuals and business owners make an exit taking both the duration and returns from business into account. What can be observed from the summary table [see summary Table 6.2, Annexure 7] is that while low earnings from self-employment are largely responsible for involuntary exits, higher earnings guide the self-employed and the business owners towards a voluntary path of exit. At the household level, the effects of experiencing an increase in household wealth on different exit forms were observed to be similar. For those who experienced voluntary exits, an increase in financial wealth could make the self-employed/ business owners going for investment at a larger scale by leaving this current business, as in portfolio entrepreneurship (Parker, 2014). At both individual and household level, it is the resource abundance, not the scarcity as popular theory suggests (Liao, Welsch and Moutray, 2008), that instigated the self-employed/business owners' selection into various pathways post-exit.

Similarly, at the household level, receiving spousal contribution from a stable source of income over the life course would reduce the self-employed individual's probability of one experiencing an exit. Even though no significant effect was found of this household subsidy on the duration a self-employed or a business owner remains in business before making an exit, the findings became more pronounced while exploring its effect on various forms of exit. Self-employed who received a household contribution from a spouse in wage employment was found to be following an involuntary exit pathway. On the contrary, self-employed who experienced involuntary exits, this household subsidy might not work in a similar way where receiving cross subsidy from other sources of household income allow the business to persist in the market (Carter *et al.*, 2017). For business owners, the findings largely correspond to the findings related to spousal contribution to self-employed individuals' exit pathways. Further analysis is required to determine the spousal contribution to entrepreneurship, particularly in relation to different pathways they take and how, along their business life course, resource flows take shape between the business and the household interface.

Even though self-employed and business owners maintaining secondary breadwinner status at the household demonstrated a different relationship with their probability of experiencing exit, a consistent pattern in the relationship was observed when exploring the secondary breadwinner's role on multiple forms of exits for these two groups. Both self-employed and business owners who maintained secondary breadwinners' status in the household are more likely to make an involuntary exit. It is the general understanding that secondary breadwinner entrepreneurs run businesses often to reap the benefits of flexibility that comes with business ownership, but these businesses make below-average profits and drawings from their businesses (Jayawarna et al., 2014), leading to economically forced exits. However, the duration of self-employment/business ownership could not be explained by one's status in the household as a secondary breadwinner. Living in a resource-poor household increased the chances of exit for only the self-employed and was associated with involuntary exits experienced by self-employed and business owners. Overall, results suggest that it is the resources at the household that often determine the exit routes for business owners/self-employed; the likelihood of one experiencing adverse business outcomes and one living in a resource poor household are positively associated. This finding offers further support for the key role resources play in determining who will make an exit and when this decision will be taken in their entrepreneurial life course.

Time as an entrepreneurial capital measured at both individual and household levels has clear implications for, not only for the decision to make an exit but also when this decision will be made and the type of experience one will gain around the exit decision. Results strongly align with the general understanding that the level of time commitment one makes to their business (measured in terms of the number of hours one devotes to their business) significantly reduces their probability of experiencing exit. Loscocco and Bird (2012) in their work found a strong association between the number of hours one working in the business and the amount of sales the business owner makes, thus offered an explanation to suggest a relationship between work hours and business performance. This research also found that commitment to housework increases the probability of self-employed individuals experiencing exit. Further analyses were undertaken to identify the effect of time commitment on the type of exit experience. The results revealed that while both self-employed and business owners who made a higher commitment to business and lower commitment to household work were largely associated with voluntary exits, lower time commitment was associated with involuntary exits. Moreover, involuntary negative exits, the pathway that offers the least favourable outcomes, were largely experienced by those who made a higher commitment to housework; this finding was common across both self-employed and business owners. It was observed that detachments from household work offer some positive experience, meaning that limited household roles not only increase survival prospects for the self-employed (as per the first analysis) but also provide the self-employed and the business owners with some positive experience when subjected to exit. This finding is consistent with the work of Shelton and Firestone (1989) that observed an inverse relationship between household responsibilities and business performance. It can also be seen from summary Table 6.3 [Annexure 8] that the presence of young children in the household could increase the self-employed individuals' possibility of experiencing an exit. The finding that early exits made by self-employed and business owners who were presented with household roles due to pre-school children further support the relationship between limited time commitment one could make in business and the probability of making an exit.

Findings from this thesis also suggest a relationship between young children in the household and one facing a positive form of exit. In order to cope with the additional time and care demanded by younger children, the entrepreneurs have to make critical adjustments in their

household work strategy by shifting attention between entrepreneurial activities and household engagement which might force them to disengage from their venture even though it was performing well at the time of exit. Literature suggests that the presence of younger children at home may influence the amount of time one can spend in housework and business, the latter of which is vital to achieving business growth and success (Loscocco and Bird, 2012).

This thesis indicated that the self-employed who experienced involuntary negative exit had a negative association with young children in the household. This finding is consistent with Kim and Parker (2020), who argued it is the caregiving responsibilities for young children that encouraged self-employed to select working from home, which despite being a flexible arrangement, could inspire the self-employed to be involved with low-income business opportunities. The finding that running a home-based business would raise both self-employed and business owners' possibility of experiencing exit further supports the consensus that home-based work arrangements give priority to convenience and flexibility over venture performance (Duberley and Carrigan, 2013), often demonstrated through pre-tax earning penalty (Kim and Parker, 2020). The study also found that running a business from home positively affects the duration one remains in business for both self-employed and business owners. In relation to the forms of exit, the research observed that self-employed who experienced involuntary negative exits had chosen homes to operate their businesses. Literature suggests that this arrangement is a poor solution to combining caring/household labour and economic activity (Jayawarna, Rouse and Kitching, 2013) and thus apt to constrain the hours the entrepreneurs can spend in business (Owen and Rowe, 1995), which would eventually push entrepreneurs out of business.

6.6 Contribution(s):

This study makes a number of contributions to the entrepreneurial exit literature, practice and policy.

6.6.1 Theoretical contribution:

In the past decade, entrepreneurial exit has emerged and developed rapidly as a distinct domain of research, separated from start-up (Morris *et al.,* 2018). First, by exploring the role

of the resource in the entrepreneur's exit decision, this research has extended the current knowledge base on entrepreneurship and entrepreneurial exit. Entrepreneurship literature largely assumes ownership of resources as key for business start-up and that when one invests that resource base in business, the business will continue and sustain; the higher the resource base, the higher the growth potential of a start-up. This line of research largely evolves around the model developed by Evans and Jovanovic (1989), which proposes that entrepreneurs motivation to run a business drops when they receive less profits from the business or if the income one received from the business decreases. Following this line of thought, scholars who specifically studied exit (e.g. (Liao, Welsch and Moutray, 2008)) rest their explanations upon economic imperatives where attention was largely around how availability (or lack of) of financial capital affecting one's decision to remain or exiting from the business. While this conceptual work, coupled with subsequent empirical ramifications, demonstrates the effect of financial capital on business exit, they do not adequately account for various other resources that entrepreneur literature explained as important for business survival and success. Indeed, Bourdieu (1986) defined capital as a combination of both tangible and intangible resources, with the latter being significantly overlooked in the exit literature. By departing from the normative explanation and by supporting the Bourdieu's (1996) broader conceptualisation of entrepreneurial capital, the author's attention was directed to an important perspective on resources on exit in which financial and non-financial (human capital and time resource) coexist in businesses and contribute to exit decision. Specifically, the author focused on human, financial and time as entrepreneurial capital to explain their roles in exit and demonstrated that a combination of human, financial and time resources determines one's faith in business.

Second, concerning the central question as to how resources can contribute to the entrepreneurial process, the entrepreneurship literature has expanded to acknowledge an owner-centric perspective to investigate how the resource base owned by the entrepreneur influence their decisions to exit from the business they created (Liao, Welsch and Moutray, 2008). Whilst adopting the entrepreneurial household as the framing context, and by positioning business owners/self-employed resource base within the resource base of the household, the author further extends the resource definition to entrepreneur exit. Alsos, Carter and Ljunggren (2014a) question previous tendencies of *'shying away from discussions of the role of the household in business decisions,*' whilst Carter et al. (2017) detail how entrepreneurial households are defined by the intertwined nature of personal and business-oriented relations defined by the resource ownership of not only the individual entrepreneur

but also the household the individual is embedded. This study fully acknowledges that the entrepreneurial household and resource dynamics play a significant role in the entrepreneur's decision to exit, particularly when changes to household structure occur over time and present new resource implications. Further, the author explained that the dominance of household influences with respect to the exit decision means that the author can no longer separate the household from the business, nor can position the household within 'personal reasons' (Jennings and McDougald, 2007) when attempting to explain reasons for exit. Rather, this thesis unpacks the dynamics within the household by operationalising household level resource variables to ascertain if they have an effect on the entrepreneur's decision to exit from their business. Overall, the author found support for his original thesis that household dynamics are highly influential in explaining the likelihood of the entrepreneur exiting from their business. Contextualising entrepreneurial exit as a social process situated within the household also contributes to the sociological explanation of entrepreneurial opportunities by directing attention to fresh antecedents of household resources.

Third, the analysis also provides a more complicated picture than those provided by the existing entrepreneur exit studies. More specifically, the research findings suggested that whether resources facilitate or constrain entrepreneurial practice (Carter, Williams and Reynolds, 1997), the effect of those resources in determining the exit outcome vary considerably. Therefore, further, through delineating between returns from business (before the time of exit) and the time one takes to make the exit decision (tenure), the author was able to understand better how specific resource dimensions have a greater influence upon the exit decision for some business owners/self-employed than others. This analysis was particularly important to take the entrepreneurial debate forward to understand that exit can take various forms and different combinations of resources drive different exit pathways leaving business owners/self-employed with a varying set of experiences. The author specifically argues that the influence of resources mixing on conditions of the business becomes salient when the resources are further fuelled by when the decision is made (tenure) and why it is made (returns). Through this analysis, the author was able to offer a fine-grained understanding, and an alternative insight of the resource's antecedents (both at the individual and at the household) of entrepreneurial exit defined by the conditions of the business one operates (based on tenure and returns). The author defined four forms of exits: involuntary negative, voluntary positive, involuntary positive, voluntary wasted opportunity and offered resource conditions that facilitate such exit pathways.

In line with Bourdieu's theory of capital (Bourdieu, 2011) and sociological explanation to household processes (Elder Jr, 1994; Alsos, Carter and Ljunggren, 2014a), the author mainly argued that financial status alone is insufficient to predict not only why business owners/self-employed exit or persist with the business but also what pathways they follow when making an exit. Exit can concern cognitive processing of experience vis-a-vis running a meaningful business with potential (Watson and Everett, 1996) and this provides a source of motivation to voluntarily exit from the business to experience positive outcomes from the exit. Similarly, when subjected to adverse conditions introduced by (lack of) resource ownership, business owners are pushed out of business involuntarily. By adequately accounting for the influences of three necessary resource types to motivate or to discourage business operations, the findings can also provide a way to reconcile the inconclusive findings associated with the influence of resources on entrepreneurs experiencing positive outcomes as opposed to negative outcomes, often explained in literature as 'failures'. Our work specifically corresponds to research calls for a greater understanding of the right conditions that elucidate positive exits. To effectively embed the resource equation into a business's internal activities, business owners/self-employed can build a proactive, resource responsive strategy. The nuances associated with resource mixing for business survival and the boundary conditions for proactive business behaviour for positive exits suggest that business owners/self-employed should put measures to nurture the necessary resource base and the motivation to apply these resources to opportunities.

This evidence also implies that entrepreneurship exit literature may require paying more attention to motivational effects in combination with the resource base to determine the differences in antecedents of exit and exit pathways. This could help to develop an alternative theoretical explanation to account for the proactive nature of entrepreneurial decision-making and help to understand the conditions in which voluntary positive exits are more likely to occur. Resource models of exit currently available (Carter *et al.*, 2017) do not specify how different types of resources work together to influence exit. Our study demonstrates the nuances of the interplay of multiple resources and advances theorising the boundary conditions of motivation to apply those resources for business owners/self-employed to experience various forms of exits. Future research needs to employ motivation as a theoretical construct in investigating specific motivational states for varying exit pathways/forms.

Fourth, as resource ownership and access to resources is a dynamic process that changes along the life course of the individual, household and business (Jayawarna and Rouse 2015) the life course analytical framework used in this research makes a significant contribution to understanding exit contextualised in a changing business landscape. While entrepreneurship research with a targeted focus on life course is starting to take shape (Carter *et al.*, 2017), available research has primarily used a cross-sectional evidence base, overlooking the fact that the application of resources shapes the abilities, motivations, and potentials of business owners over time(Liao, Welsch and Moutray, 2008)). As the capacity to apply resources varies along the life course of the individual, their household and business resource implications to exit is dynamic. Hence this research extends the exit research beyond a mere focus on a limited set of resources measured at one point in time to create profiles to explain different exit pathways that offered a dynamic explanation to exit by drawing on a life course analytical framing.

Fifth, this research has increased understanding of the contentious issue of treating both self-employed and business owners as entrepreneurs regarding the resource explanation to their exits. Even though resource implications for self-employed and the business owners' exits were similar in many cases, there are instances where resource explanation could be different for these two groups across the research questions. Unlike the self-employed individuals, business owners' exits were influenced neither by the labour market nor dynamic life experience. Furthermore, the household economic strategy provided different explanation while exploring business owners' exits (treated as a dichotomous outcome) compared to the self-employed. Moreover, while exploring the role of human capital indicators in explaining various exit forms, educational credentials played an exciting role in explaining involuntary positive exits. Unlike the self-employed, the business owners who experienced involuntary positive exits were associated with higher educational credentials. In the entrepreneurship literature, earlier exits performed by the educated entrepreneurs sensing the dismal performance of the venture is referred to as 'intelligent exits ' (Yusuf, 2012). These differences in resource explanation to exits experienced by the self-employed and business owners are relevant to both practitioners and policy-makers as these two groups are used interchangeably to represent entrepreneurs in the entrepreneurship literature.

6.6.2 Practical and policy implications

Policy discourse in entrepreneurship often portrays entrepreneurship as a suitable labour market profession for those possessing minimum levels of resources and institutional support (Roper and Hart, 2005). The research findings challenged this discourse by highlighting the importance of entrepreneurial capital, the lack of which often leading to the exit decision. Findings that Alsos, Carter and Ljunggren (2014a) suggest varying levels and types of resources directly relates to exit and that these resources are owned and shared by both individuals and their households provide useful guidance for entrepreneurs/self-employed to navigate their business journey successfully to avoid an exit. The empirical findings that suggest a multitude of resource determinants is important as it articulates that when one lacks one type of resource, for example, limited financial capital, ownership of another resource can compensate for that. Entrepreneurs often assess their resource capabilities when starting their businesses (Brush, Greene and Hart, 2001), but due to the popular policy discourse that anyone can make in business, business support initiatives encourage business start-up by offering a start-up package(De Mel, McKenzie and Woodruff, 2014). Findings from this research clearly indicate that resources are not only important at start-up but also at the exit. Furthermore, the findings in relation to resource base that govern positive vs negative exist and voluntary vs involuntary exits is particularly important for nascent entrepreneurs and those considering re-entry following an exit event to make an informed decision about the start of their business journey.

This research highlights the importance of household context and challenges the policy understanding that household dynamics as separate from entrepreneurial/enterprise decisions. This is particularly important, given the findings that 'time' resource is an essential capital for those with household responsibilities, the lack of which drives entrepreneurs out of business. It also advocates that the household context and life course dynamics need to be considered simultaneously while explaining the role of resources in the entrepreneurial exit. Moreover, it would be difficult to assess the true impact for some entrepreneurial capital (for example, time) if the author fails to consider the household dimension as the social structure can determine the time availability and time commitment of the household members to contribute to the entrepreneurial process.

One other important policy recommendation is that enterprise promotion programmes directed towards business owners and self-employed should not be standardised. It is evident from the research that the type and level of resource availability and the ability of the individual to apply these resources to opportunities vary depending on one following an entrepreneurial path or a self-employment carrier path. Existing academic literature and policy notes do not make this distinction and therefore the conditions for entry (or exit) treated as universal.

6.7 Limitations and future directions:

In this thesis some limitations are acknowledged, which the author considers to provide avenues for future research to advance scholarship on entrepreneurial exit. First, the author only used data collected from the UK. However, available entrepreneurial capital and the social structures that determine resource exchanges across social boundaries may vary across countries. As such, future research should draw from a much larger sample taking data from different countries to ascertain the external validity of the findings and to develop entrepreneurial exit profiles that can be generalised. Second, based on a life course analytical framework (Elder Jr, 2007), our study aimed to delve into resource accumulation over the life course. Due to data limitations presented by the secondary data used in this research, the author was unable to use time-varying variables for some resource types. Furthermore, the secondary data only offered proxy measures for some constructs or did not offer meaningful measures to operationalise some constructs, which put restrictions on the comprehensiveness of the theoretical model used to study entrepreneurial exit. For example, given that there does not exist a direct measure of the breadwinner role, the author selected a particular set of items to develop a derived measure that was both conceptually and statistically meaningful. A fruitful area of future research, therefore, is to understand better the constraints of the current operationalisation of measures, particularly those related to household resources, and follow a measurement validation process to confirm alternative measures for household-level resource accumulations. Third, while work from this thesis offers new knowledge on how different resources determine different forms of exit, the findings may suggest motivation to apply resources to opportunity also explain why some business owners/self-employed voluntarily leave their businesses. Other than resources, the author encourages subsequent research to investigate cognitive and motivational processes and boundary conditions that may motivate business owners/self-employed to exit from their businesses. Fourth, the assumption that

residuals are independent of the covariates might not be held for many random effect models, which can cause endogeneity. Even though robustness of the estimates of various regression models in this thesis has been tested for consistency and panel data can go some way to reduce the problems of endogeneity, future researchers could utilise random effect with Mundlak formulations as suggested by Mundlak (1978). Fifth, due to data limitations, the author was unable to make the distinction between voluntary vs involuntary exits purely taking direct measures. Rather, the author used returns from the business before the year of making the exit and the time one takes to make the exit decision to divide the sample membership into four groups before studying their profiles. Even though the author first attempted a cluster analysis to explore various forms of exits, this was found to be an unreliable means to select internally homogeneous and externally heterogeneous groups that experienced exit due to data limitations for cluster validation. To extend the model and fully capture the complexity of the exit decision, further research is needed to shed light on the nuances of exit, particularly taking data post-exit. Although Understanding Society data enables access to such data, a complete analysis was not possible due to the issue with measurement mismatch pre-and post-exit data. Fifth, to offer a more nuanced explanation to various forms of exit, it is important that future research study re-entry over time, not only to validate the existence of multiple entrepreneurial pathways found in this research but also to study the full spectrum of outcomes possible for individuals pursuing an entrepreneurial career, especially, when exit becomes an important event in the entrepreneurial process.

Finally, the author believes that the lower contribution household level constructs made in explaining entrepreneurial exit in some of the analytical models are due to the gender role, which was not studied in this research. Parents juggle a number of roles, including work, housework, elder care and other household relationships. This juggling act is, the author argues, critically gendered such that women still assume the majority of domestic/caring household responsibilities in addition to their employment contribution whilst men are assumed to be primary income generators (Yang and Triana, 2017). It is, therefore, possible that women entrepreneurs who assumed a major household role for domestic/caring responsibilities were more likely to exit their businesses than male household members due to a lack of household resources. Domestic responsibilities equate to working hours which reduced the available time women could feasibly devote to entrepreneurship. This is an area that needs further attention, especially when the entrepreneurial exit is studied at the household level.

Annexure(s)

Annexure 1: Main Exit papers summarised

Table 2. 2 The current knowledge base

SL #	Name of the Article	The theme of the Literature							Location	Data	Study type	Journal/Book chapter
		Exit			Resource	Life-course						
		Mainstream	Failure	Re-entry		Household	Life course	Gender				
1.	Re-evaluating business exit from a gendered perspective							✓	-	———	conceptual	Book chapter in Research Handbook of Entrepreneurial exit
2.	Failure or voluntary exit? Reassessing the female underperformance hypothesis							✓	Spain	By using a sample of 219 former entrepreneurs from the Spanish GEM study. (Cross-sectional)	Empirical	Journal of Business Venturing, 30(6), pp.775-792.
3.	Entrepreneurial potential: The role of human and cultural capitals				✓		✓		UK	Longitudinal data from the National Child Development Study (NCDS) (Life Course)	Empirical	International Small Business Journal Volume: 32 issue: 8, page(s): 918-943
4.	Who Makes Money From Entrepreneurship? : Life Course Pathways to Entrepreneur Earnings				✓	✓	✓		UK	18 waves of BHPS, covering measures at both an individual and household level, for the period 1991 – 2008 (Life Course)	Empirical	British Academy of Management (BAM) Conference, Cardiff University, Cardiff, UK, September. 2012.

SL #	Name of the Article	The theme of the Literature							Location	Data	Study type	Journal/Book chapter
		Exit			Resource	Life-course						
		Mainstream	Failure	Re-entry		Household	Life course	Gender				
5.	Reconceptualising entrepreneurial exit: Divergent exit routes and their drivers	✓							Sweden	Two Swedish databases which follow 1,735 new ventures and their founders over eight years Longitudinal	Empirical	Journal of Business Venturing 25 (2010), pp. 361–375
6.	A tale of two exits: nascent entrepreneur learning activities and disengagement from start-up	✓							USA	PSED-I longitudinal	Empirical	Small Business Economics October 2012, Volume 39, Issue 3, pp 783–799
7.	Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development	✓								____	Conceptual	Journal of Business Venturing Volume 25, Issue 2, March 2010, Pages 203–215
8.	Life course risks or cumulative disadvantage? The structuring effect of social stratification determinants and life course events on Poverty transition in Europe						✓		Europe	ECHP survey, which includes 13 countries of Europe. Life-course	Empirical	European Sociological Review, Volume 27, Number 2, 2011, pp 246-263
9.	Learning from business failure: Propositions of grief		✓							____	Conceptual	Academy of Management Review.

SL #	Name of the Article	The theme of the Literature							Location	Data	Study type	Journal/Book chapter
		Exit			Resource	Life-course						
		Mainstream	Failure	Re-entry		Household	Life course	Gender				
	recovery for the self-employed											Apr 2003, Vol. 28 Issue 2, p318-328.
10.	Access (Not) Denied: The Impact of Financial, Human, and Cultural Capital on Entrepreneurial Entry in the United States	✓			✓				USA	PSED-I Longitudinal	Empirical	Small Business Economics, 27(1), pp. 5-22
11.	Entrepreneurial exit and entrepreneurial engagement	✓		✓	✓					GEM individual-level from 2004-2006 cross section	Empirical	Journal of Evolutionary Economics, 21(3), pp. 447-471
12.	Entrepreneurial exit intentions and the business-family interface	✓				✓			USA	From the National Study of the Changing Workforce in the United States. a subsample of 388 full time married entrepreneurs.	Empirical	Journal of Business Venturing 31 (2016) 613–627
13.	Start-Up Resources and Entrepreneurial Discontinuance: The Case of Nascent Entrepreneurs	✓			✓				USA	PSED Longitudinal	Empirical	Journal of Small Business Strategy, 19(2), pp 1
14.	Impact of founder experience on exit intentions	✓			✓				USA	Sampling frame =1062 firms also secondary data was used 2002 Dun and Bradstreet. Cross-sectional	Empirical	Small Business Economics, 38(4), pp. 351-374
15.	Renascent entrepreneurship			✓	✓				Netherl and	A representative panel of firms that registered as independent start-ups in	Empirical	Journal of Evolutionary Economics, 18(3/4), pp. 493-507

SL #	Name of the Article	The theme of the Literature							Location	Data	Study type	Journal/Book chapter
		Exit			Resource	Life-course						
		Mainstream	Failure	Re-entry		Household	Life course	Gender				
										1994, 1998, 1999 and 2000. In 2004, out of 510 ex-entrepreneurs, 240 respondents were contacted to collect information. Longitudinal		
16.	What is entrepreneurial failure? Implications for future research		✓						-	_____	Theoritical	International Small Business Journal 2016, Vol. 34(2) 176–188
17.	Founding resources and intentional exit sales strategies: An imprinting perspective	✓			✓				USA	Dun and Bradstreet 2004, 128 respondents data was collected through a survey. Cross-sectional	Empirical	Group & Organization Management 2016, Vol. 41(6) 823–846
18.	Life-course pathways to business start-up				✓		✓		UK	18 waves of the British Household Panel Survey	Empirical	Entrepreneurship & Regional Development, 2014 Vol. 26, Nos. 3–4, 282–312
19.	A Gendered Life Course Explanation of the Exit Decision in the Context of Household Dynamics	✓				✓	✓	✓	UK	Ten years of data (2007-2016) have been utilised by drawing upon the Understanding Society harmonised BHPS database generating longitudinal household panel data.	Empirical	Entrepreneurship Theory and Practice, 2020 00(0) 1-37 DOI: 10. 1177/ 1042258720940123

Annexure 2: Details of the article(s):

Table 2. 3 Details of the articles (continuation from Table 2.2)

SL#	Theme	Name of the article/chapter	Author(s) and Year	Main Finding/contribution	Reason for covering this work in my research	Research Gap (s)
1.	Gender	Re-evaluating business exit from a gendered perspective	(Marlow, 2015)	They added a novel perspective to the existing exit debate -the effect of gender on the decision to close a business and/or exit. The exit is a gendered process, and household can be a context.		Empirical testing of the proposition
2.	Gender	Failure or voluntary exit? Reassessing the female underperformance hypothesis	(Justo, DeTienne and Sieger, 2015)	By conducting posthoc analyses in the form of within-gender comparisons, they found that female entrepreneurs in comparison to male are indeed more likely to exit voluntarily, and in particular for personal reasons.	Thus it can be inferred that definitely household events have some roles to play in terminating some of the entrepreneurs' career.	There is a need for longitudinal data to use for this kind of analysis.
3.	Life course and Resource	Entrepreneurial potential: The role of human and cultural capitals	(Jayawarna, Jones and Macpherson, 2014)	They identified the relationship between human capital accumulated in different phases of the life course and the chance of becoming an entrepreneur. Human capital development is a life long journey.	One of the pioneering example of entrepreneurial life course research which demonstrates the resources role on creating ventures.	How can the accumulated human capital over the life course influence the entrepreneurial process including the exit
4.	Life course and Resource	Who Makes Money From Entrepreneurship? : Life Course Pathways to Entrepreneur Earnings	(Jayawarna, 2012)	They demonstrated that household strategies could provide an explanation of the large sex difference in entrepreneur earnings. A good demonstration of how resources accrual gave rise to the capacity of earnings over the life course across individual and household.	In this paper for the very first time, they came up with the operationalisation of household work and economic strategy.	Use of life course as a methodical framework for studying the entrepreneurial process
5	Exit	Reconceptualising entrepreneurial exit: Divergent exit routes and their drivers	(Wennberg *et al.*, 2010)	Using prospect theory, they developed a conceptual model of entrepreneurial exit which includes exit through liquidation and firm sale. Thus exit has divergent routes rather than assuming that exit equates with either failure or success.	One of the landmark article which introduced the concept that exit is not equivalent to failure.	It helped to explore the idea that exit is a multidimensional phenomenon.

SL#	Theme	Name of the article/chapter	Author(s) and Year	Main Finding/contribution	Reason for covering this work in my research	Research Gap (s)
6.	Exit	A tale of two exits: nascent entrepreneur learning activities and disengagement from start-up	(Yusuf, 2012)	Nascent entrepreneurs disbandment could result in positive outcome provided it is executed in a timely manner and at a reasonable cost. Disengagements can be heterogeneous as one group who demonstrated more intelligence by making an effort to learn and test the business idea.	An empirical test of termination of the business idea at the nascent stage by utilising the calculative forces.	
7.	Exit	Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development	(DeTienne, 2010)	In this theoretical paper, a widely accepted definition of entrepreneurial exit is given. Also, the theoretical underpinning of entrepreneurial exit as it is being made at different stages of the entrepreneurial process is elaborated along different aspects.	To get acquainted with the concept of exit as a phenomenon and cloudy perspectives around it.	Need to utilise multiple lenses to study entrepreneurial exit.
8.	Life course	Life course risks or cumulative disadvantage? The structuring effect of social stratification determinants and life course events on Poverty transition in Europe	(Vandecasteele, 2011)	The author argued that both traditional social stratification approach and newer life course events approach are useful in dealing with longitudinal data and their interactions provide interesting insights.	To get an idea about the technique which can be used to analyse the longitudinal data.	In the life course study with reference to the entrepreneurial process, the combination of social stratification and life course events have not been used as of now.
9.	Failure	Learning from business failure: Propositions of grief recovery for the self-employed	(Shepherd, 2003)	Learning from failure is not instantaneous, the rather negative emotional response can interfere with the ability to learn, and a dual process of grief recovery can enable the entrepreneurs to learn from their mistakes and apply their new knowledge while becoming renascent entrepreneurs.	Learning is not guaranteed for renascent entrepreneurs if they don't free themselves from the shackles of grief.	Renascent entrepreneurship –use of longitudinal data

SL#	Theme	Name of the article/chapter	Author(s) and Year	Main Finding/contribution	Reason for covering this work in my research	Research Gap (s)
10.	Resources	Access (Not) Denied: The Impact of Financial, Human, and Cultural Capital on Entrepreneurial Entry in the United States	(Kim, Aldrich and Keister, 2006)	This is one of the pioneer studies which utilises the PSED database to find the impact of different forms of capital on entrepreneurial entry and found that neither financial nor cultural capital resources have impact on entrepreneurial entry where human capital in the form of advanced education and managerial experience are significantly positively associated with the entrepreneurial entry.	Even though the capital was considered to be fixed, but it shows good operationalisation of different types of capital.	Effect of capital on entry was demonstrated not on the exit.
11.	Exit and re-entry	Entrepreneurial exit and entrepreneurial engagement	(Hessels *et al.*, 2011)	Recent entrepreneurial exit decreases the probability of not engaging in the subsequent entrepreneurial activity, exit increases entrepreneur's skill and enhance the capability of entrepreneur's sensing opportunity.	Human capital theory can provide a connection between entrepreneurial exit and re-engagement and also human capital is not stagnant.	Human capital can be a predictor variable for entrepreneurial re-entry
12.	Exit and household	Entrepreneurial exit intentions and the business-family interface	(Hsu *et al.*, 2016)	Applying work-family interface theory, the authors initiated an attempt to examine linkages between the family and business areas and how these processes affect male and female entrepreneurs' intentions to exit their current business. Positive support was received for business-to family enrichment, and the two interference variables were found to have negative effect on exit intentions. Further, exit intentions were observed to be stronger for female than for male entrepreneurs experiencing interference between the business and family.	The study indicated that household plays a critical role in determining exit intention and exit intention for a female is higher than a male who is engaged in household activities.	Exit intention was the dependent variable instead of exit. Also, the longitudinal data set has not been utilised.
13.	Exit and resources	Start-Up Resources and Entrepreneurial Discontinuance: The Case of Nascent Entrepreneurs	(Liao, Welsch and Moutray, 2008)	The researcher mainly focuses on the predictive ability of entrepreneurial resources at the time of the initial start-up process on nascent entrepreneurs' survival. Resource endowment does decrease the probability of entrepreneurial discontinuance. However, there exists an anomaly regarding resource individual contribution towards discontinuance.	One of the pioneer study which attempted to find the relationship between resource endowment and exit.	Only the resources at the time of start-up considered, that could be a reason for the anomaly in the result. The exit was operationalised as a dichotomous variable.

SL#	Theme	Name of the article/chapter	Author(s) and Year	Main Finding/contribution	Reason for covering this work in my research	Research Gap (s)
14.	Exit and resources	Impact of founder experience on exit intentions	(DeTienne and Cardon, 2012)	They argued that entrepreneurs' intentions to pursue exit by a range of possible exit paths [acquisition, initial public offering (IPO), family succession, employee buy-out, independent sale, liquidation] which can be considered to be an extension of Gimeno *et al.* (1997) notion of the threshold. Moreover, the intended path of exit is based on previous entrepreneurial experience, industry experience, age, and education level which are all components of human capital.	Exit is not equivalent to the dichotomous outcome rather it can be associated with a range of outcomes. Exit is not always associated with performance which is suggested by threshold theory.	
15.	Renascent entrepreneurship	Renascent entrepreneurship	(Stam, Audretsch and Meijaard, 2008)	The findings of this paper suggested that in addition to passive learning, failed entrepreneurs can also experience active learning which is shaped by characteristics that also promote nascent entrepreneurship in general (human capital and entrepreneurship-specific social capital). Entrepreneurial preferences subsequent to firm exit is also affected by the nature of the firm exit	The role of human capital variables was found to be significant in explaining the probability of engaging with renascent entrepreneurship. The longitudinal research design was emphasised to explore renascent entrepreneurship.	
16.	Failure	What is entrepreneurial failure? Implications for future research	(Jenkins and McKelvie, 2016)	They conceptualised failure across two levels of analysis (firm and individual) and two perspectives (objective and subjective)	Failure of the firm is not synonymous with the failure of the entrepreneurs and failure is a distinct form of exit. By providing a theoretical underpinning, they explored probable research ideas along the categorisation.	
17.	Exit and resource	Founding resources and intentional exit sales strategies: An imprinting perspective	(Albert and DeTienne, 2016)	They examined whether the initial strategic resources (human, financial, and technological) have the capability to imprint ventures in deciding an exit sale strategy. They identified that technological resources are related to the presence of an intended exit sale strategy. Moreover, human, financial, and technological resources differentially impact the three sales strategies where the relationship is moderated by firm size.	How the resources at the start-up period can imprint the individual and help them to decide the exit sale strategy.	Can the imprinting with relevance to entrepreneurial resources explain entrepreneurial exit?

SL#	Theme	Name of the article/chapter	Author(s) and Year	Main Finding/contribution	Reason for covering this work in my research	Research Gap (s)
18.	Resource and life course	Life-course pathways to business start-up	(Jayawarna, Rouse and Macpherson, 2014)	They identified that class pathways could shape access to the resources which are needed to start a business and these pathways are intersected and disrupted by gender relations.	How can childhood resources predict the entrepreneurial entry across the life course?	Can entrepreneurial resources be used to predict the exit as well?
19.	Exit life course and household	A Gendered Life Course Explanation of the Exit Decision in the Context of Household Dynamics	(Jayawarna, Marlow and Swail, 2020)	By drawing upon the notions of household dynamics and the life course within a gendered framing, their research revealed women business owners who provides childcare for young children had higher probability of exits.	How the household dynamics influence the exits of the entrepreneurs whose businesses had an inextricably intertwined relationship with the household over the life-course ?	What will be the role of entrepreneurial resources to explain the exits by adopting a life course analytical framework in the context of household?

Annexure 3: Definitions and short descriptions of the variables utilised in the study

Table 3. 8 Definitions and short descriptions of the variables utilised in the study

	Resource		*Variable*	*Definition*	*Time- variant/ invariant*
Explanatory Variable	HUMAN CAPITAL	Individual-level	Age	Age in years	Time-Variant
			Educational qualification	Highest educational qualification 0 –High qualification (ref) 1-Medium qualification 2-Low/No formal qualification	Time-Invariant (last wave before the exit)
			Training	Training received since the last interview 1-Yes 0-No	Time-Variant
			Previous labour market exposure	0- No experience 1- Self-employment experience 2- Work experience	Time variant
	FINANCIAL CAPITAL	Individual-level	Self-employment earnings (ln)	Log-transformed value of earnings from self-employment	Time-variant
			Satisfaction with income	Respondent's opinion on how satisfied they are with income (scale 1-7) with 1=completely dissatisfied and 7 –completely satisfied	Time-variant
		Household-level	Property Value (ln)	Log-transformed value of the property	Time-variant
			Living in poverty	Living below the relative poverty line in the household with 0=not in poverty (ref)	Time-variant
			Spouse's job status	The economic status of the spouse 1=in employment 0= inactive(ref)	Time-variant
			Breadwinner role	Breadwinner status in the household 0= Primary Breadwinner (ref) 1=Secondary breadwinner	Time-Variant

	Resource		Variable	Definition	Time variant/ Invariant
Explanatory Variable	Time as a resource	Time availability Individual	Hours in self-employment	Number of hours per week committed to self-employment/business activities (log-transformed)	Time-Variant
			Work location	Individual's work location with 1=from home and 0= away from home (ref)	Time-Variant
		Time Commitment Household	Children under 4	Number of young children in the household	Time-invariant
			Hours in household work	Number of hours per week one put in the household for doing household chore (log-transformed)	Time-Variant
			Childcare responsibilities	Childcare responsibilities in the household 0 = no child/no childcare 1= childcare is outsourced 2=Partner is responsible 3=childcare responsibility restricts work	Time-Variant
Control variables			Sex	Sex of the respondent with 1= Female	Time invariant
			Marital status	Marital status of the respondent with 1=single 0=Married	Time-Variant
			Regional Inflation rate	Regional inflation rate during 2009-2016	Time-Variant
			Time dummies	Equal 1 if the year is 2009-2016	Time invariant

	Resource	Variable	Definition	Time variant/ invariant
Control variables		Business size	Business size measured by employee numbers With 0= employee number 1 And 1= more than 1	Time-Variant
		Health	The health of the individual with 1= if the respondent reports poor health and 0= if the respondent reports no health issues	Time-Variant
Dependent variable		Exit	If the self-employed/ business owners made an exit in wave 2-8 with exit=1, else 0	
		Duration	Calculated in years, indicates the tenure of self-employment/business ownership for individuals who made the exit	
		Exit condition for the self-employed/business owners	1= Involuntary negative exit 2= Voluntary positive exit 3= Involuntary positive exits 4= Voluntary wasted opportunity	

Annexure 4: Survival analysis for the Human capital indicators

Table 3. 9 Comparison of results between longitudinal panel logistic regression and discrete duration model with logistic hazards for Human capital variables

		Longitudinal panel logistic regression for HC Variables		Discrete duration model with logistic hazard for HC variables	
Predictors		Coefficients log odds[1]	Average marginal effects, AME[2]	Coefficients log odds[1]	Average marginal effects, AME[2]
Control variables	Marital status (ref: Married)				
	Single	1.568***	0.064***	0.797***	0.039***
	Health issue (ref. No)				
	Yes	0.818**	0.032**	-0.545*	-0.026*
	Sex (ref. Male)				
	Female	0.086	0.003	0.289	0.014
	Business size (ref: one to two)				
	Greater than two	5.933***	0.236***	-4.085***	-0.198***
	Regional unemployment rate	-0.136	-0.005	-0.175*	-0.008*
	Industry classification (ref: Extractive/ manufacturing)	0.742	0.027	0.634	0.022
	Construction	0.392	0.014	0.595	0.021
	Distributive hotel restaurant	2.746***	0.106***	1.659**	0.059*
	Transport and communication	1.093	0.040	1.222	0.042
	Banking, finance and insurance	4.235***	0.173***	3.227***	0.149
	Other services				
	Regional dummies	Included	Included	Included	Included
	Year dummies	Included	Included	Included	Included
	Duration dependence			-0.181	-0.009
Individual (Fixed HC)	Qualification (ref: degree and above)				
	Secondary	1.373***	0.054***	0.323	0.015
	No formal education	2.069***	0.083***	0.772*	0.037*
	Previous labour market exposure (ref. no)				
	Self-employment experience	-12.170***	-0.681***	-8.702***	-0.815***
	Work experience	-4.346***	-0.207***	-2.730***	-0.203***
Individual (Accumulated HC)	Age (ln)	-1.990**	-0.078**	-0.544	-0.026
	Training received since last interview ref: no				
	Yes	-0.385	-0.015	-0.146	-0.007
	Constant	7.986**		8.058***	
	/lnsig2u	2.841		1.598	
	sigma_u	4.139		2.222	
	Wald chi2	158.22***		100.40***	
	Log pseudolikelihood	-594.87		-540.525	

[1] Age[2] though initially considered, eventually excluded due to multicollinearity issues.
*, **, *** Significance at 10, 5 and 1 percent level.
[2] Computed from estimates reported in column 1 (log odds)
[3] For human capital, only fixed and accumulated human capital variables at the individual level have been considered.
Source: Researcher's computations from Understanding Society (USoc) Wave 1 to 8, using Stata 16.0

Annexure 5: Regression diagnostics for analysis 2 (Business owners)

According to the correlation matrix, all human capital indicators, except one at the individual level, were significantly correlated with the time taken to make an exit from the business (Table 4.26, Annexure 5). Data from Table 4.26 further suggests that though none of the individual level financial capital was significantly correlated, at the household level, all but one financial capital have a significant correlation with the tenure of business ownership. For time as an entrepreneurial capital, none of the individual level financial capital was found to be significantly correlated with the time taken by the business owners to make an exit. Moreover, the duration of the business was observed only to be significantly correlated with all but one household-level predictor of time as an entrepreneurial capital. The author further investigated whether there was a presence of multicollinearity by computing variance inflation factors (VIFs). The maximum VIF obtained in any of the multiple linear regression models was 2.09, substantially below the rule-of-thumb cut-off of 10.00 for regression models (Pevalin and Karen, 2009). The tolerance factor also complements the result where the minimum value obtained in any of the models is 0.47, well above the rule-of-thumb cut-off of 0.10 (Longhi and Nandi, 2014). Therefore, multicollinearity was not an essential issue in the results.

By conducting Breusch-Pagan/Cook-Weisberg test for heteroscedasticity (see Breusch and pagan 1979; Cook and Weisburg 1983), the author has tested the assumption of homogeneity of the variance of the residuals (Verbeek, 2008). From the results, it can be observed that the null hypothesis of constant variance was rejected, suggesting heteroscedasticity of the residuals. Hence in estimations, robust standard errors have been utilised as suggested by (Greene, 2000).

Table 4.26 Zero-order correlation Table for the business owners' sample

Variable	Duration of business ownership	Sex	Marital status	Has health complicacy	region	Standard industry classification	Business size	Regional unemployment rate	Year	Highest educational qualification	Age of the respondent (ln)	Training received at the previous wave	Previous labour market exposure	Earnings from self-employment (ln)	Satisfaction with income	Spouse job status	Living below poverty	Breadwinner status	Property value (ln)	Work location	Hours in business (ln)	Hours in work (ln)	Young children at the household (number)	Childcare responsibility
Duration	1.0000																							
Sex	-0.0788*	1.0000																						
Marital status	-0.1078*	0.015*	1.0000																					
Has health complicacy	0.0484	0.030*	-0.006	1.0000																				
region	-0.0081	0.029*	0.0083	-0.011*	1.0000																			
Standard industry classification	-0.1333*	0.243*	-0.017*	0.0428*	-0.0159*	1.0000																		
Business size	0.1265*	0.0243	-0.048*	0.0079	-0.0025	0.1289*	1.0000																	
Regional unemployment rate	0.0043	-0.023*	0.028*	-0.0175*	-0.2709*	-0.0184*	0.0301*	1.0000																
Year	-0.1385*	0.0071	-0.027*	-0.0076	0.0036	0.0403*	-0.0189	-0.6785*	1.0000															
Highest educational qualification	0.1655*	-0.148*	0.014*	0.0259*	-0.0131*	-0.2776*	-0.1132*	0.0211*	-0.052*	1.0000														
Age of the respondent (ln)	0.3772*	-0.011*	-0.302*	0.1727*	0.0229*	0.0548*	0.0365*	-0.1227*	0.111*	0.0259*	1.0000													
Training received at the previous wave	-0.0259	0.076*	0.027*	0.0166*	-0.0241*	0.1492*	0.1175*	-0.0078	-0.019*	-0.1466*	-0.0428*	1.0000												
Previous labour market exposure	-0.1367*	-0.050*	-0.037*	-0.0676*	-0.0076	0.0901*	0.0565*	-0.0209*	0.016*	-0.0843*	-0.0027	0.1319*	1.0000											
Earnings from self-employment (ln)	0.0507	-0.197*	-0.061*	0.067*	0.0245*	0.0166*	0.1814*	-0.0133*	0.0101	-0.0633*	0.0580*	0.0237*	0.0408*	1.0000										
Satisfaction with income	0.0810	0.021*	-0.090*	-0.118*	0.0067	0.0425*	0.1116*	-0.0823*	0.076*	-0.0857*	0.0357*	0.0163*	0.0837*	0.1585*	1.0000									
Spouse job status	0.1637*	0.200*	0.0065	-0.0202*	0.0176*	0.0475*	0.1327*	-0.0592*	0.016*	-0.0886*	-0.0348*	0.0571*	0.0550*	0.0367*	0.0452*	1.0000								
Living below poverty	-0.0261	-0.059*	0.074*	0.0155*	-0.0354*	-0.0645*	-0.0854*	0.0426*	-0.001	0.1305*	-0.0501*	-0.0647*	-0.1922*	-0.357*	-0.1891*	-0.2696*	1.0000							
Breadwinner status	-0.2112*	0.221*	0.278*	0.006	0.053*	0.041*	-0.0144	0.019*	0.009*	0.0067	-0.1442*	-0.0075	-0.1247*	-0.258*	-0.051*	0.212*	0.0301*	1.0000						
Property value (ln)	0.1867*	0.063*	-0.132*	-0.0107	0.0514*	0.1084*	0.139*	-0.125*	0.055*	-0.207*	0.161*	0.023*	-0.0346*	0.1515*	0.1309*	0.0235*	-0.1584*	-0.0538*	1.0000					
Work location	0.0423	0.202*	-0.027*	0.0530*	0.0476*	0.0665*	-0.2137*	-0.0043	-0.030*	0.0895*	-0.1173*	0.0179*	-0.0649*	-0.1008*	-0.0128	0.0656*	-0.0362*	0.0636*	0.1160*	1.0000				
Hours in business (ln)	0.0151	-0.359*	0.023*	-0.0710*	0.0190*	-0.2020*	0.1008*	0.0419*	-0.048*	0.1193*	-0.0475*	-0.0236*	0.0421*	0.3023*	-0.0070	-0.0135	-0.0065	-0.1194*	-0.0508*	0.1496*	1.0000			
Hours in housework	-0.1031*	0.447*	-0.044*	0.045*	0.0176*	0.1281*	0.0084	-0.0052	0.0048	-0.0498*	0.0884*	0.0110	-0.1029*	-0.1658*	-0.0163*	0.1629*	0.0131*	0.1500*	0.0240*	0.1761*	-0.2767*	1.0000		
Young children at the household (number)	-0.1136*	-0.020*	-0.123*	-0.0817*	-0.0330*	-0.0290*	0.0303*	0.0614*	-0.048*	-0.0377*	-0.2536*	-0.0152*	-0.0082	-0.0125	-0.0242*	-0.1168*	0.0776*	-0.0641*	-0.0583*	-0.0347*	-0.0048	0.0460*	1.0000	
Childcare responsibility	-0.0610	0.284*	-0.054*	-0.0308*	0.0113*	0.0781*	-0.0428*	-0.0123*	0.010*	-0.0379*	-0.0536*	0.0267*	0.0469*	-0.1383*	-0.0130*	0.0908*	0.0000	0.0512*	-0.0014	0.1676*	-0.1669*	0.1977*	0.0498*	1.0000

*p<0.05

Annexure-6: Summary Table for Human Capital Indicators

Table 6. 1 The effect of human capital on entrepreneurial exit decision, time to make that exit and the chosen form of exit: a summary

Group	Human Capital		Exit vs non-exit (analysis 1)	Duration of the self-employment/ business ownership (analysis 2)	Exit Conditions (analysis 3)			
					Involuntary negative	Voluntary positive	Involuntary positive	Voluntary wasted opportunity
Self-employed individuals	Educational Credentials **(low)**		Higher probability of exit	Longer association with the business/ higher duration	Higher	Lower	Higher	Lower
	Age **(higher)**		Lower possibility of exit	Longer association with the business/ higher duration	Higher	Higher	Lower	Lower
	Previous labour market experience	**Had** self-employment experience	Lower possibility of exit	-	-	-	lower	higher
		Had wage employment experience	Lower possibility of exit	-	lower	higher	lower	higher
Business Owners	Educational Credentials **(low)**		Higher probability of exit	Longer association with the business/ higher duration	Higher	Lower	Lower	Lower
	Age **(higher)**		Lower (NS)	Longer association with the business/ higher duration	Higher (NS)	higher	lower	lower
	Training received since the last interview		Lower possibility of exit	-	-	-	-	-

Annexure 7: Summary Table for Financial Capital Indicators

Table 6. 2 The effect of financial capital on entrepreneurial exit decision, time to make that exit and the chosen form of exit: a summary

Group	Level		Financial Capital indicators	Exit vs non-exit (analysis 1)	Duration of the self-employment/ business ownership (analysis 2)	Exit Conditions (analysis 3)			
						Involuntary negative	Voluntary positive	Involuntary positive	Voluntary wasted opportunity
Self-employed individuals	Individuals	accumulated	**Earnings From Self-employed**	**reduce the probability of exit**	**The duration was higher for self-employed with increased earnings**	**Lower (NS)**	**Higher**	**Lower**	**Higher (NS)**
			Satisfaction with pay	Higher satisfaction lowers the possibility of exit Lower possibility of exit	the direction of the relationship is positive but non-significant for higher level of satisfaction.	Lower	Higher	Lower	Higher
	Household	fixed	Household wealth	An increase in household equity will lower the chances of an exit	Higher duration with an increased household wealth	Lower (NS)	Higher	Lower	Higher (NS)
		accumulated	Secondary Breadwinner	higher possibility of facing such exits.		Higher	Lower	Higher	Lower
			Spouse job status	lower chances of facing such exits.		Higher	Lower	Higher	Lower
			Living in poverty	Increases the chances of exit for the self-employed		Higher	Lower	Higher	Lower
Business Owners	Individuals	accumulated	Earnings From business	Reduce the probability of exit	the direction of the relationship was positive, but NS.	Lower	Higher	Lower	Higher
			Satisfaction with pay	Higher satisfaction increases the chances of exit for the business owners	higher satisfaction leads to a higher duration	Lower (NS)	Higher	Lower (NS)	Higher
	Household	fixed	Household wealth	An increase in household equity will lower the chances of an exit	Higher duration with an increased household wealth	Lower	Higher	Lower	Higher (NS)
		accumulated	Secondary Breadwinner	lower possibility of facing such exits.		Higher	Lower	Higher	Lower (NS)
			Spouse job status	lower chances of facing such exits.		Higher	Lower (NS)	Higher (NS)	Lower
			Living in poverty	Increases the chances of exit (not significant)		Higher	Lower	Higher	Lower

Annexure 8: Summary Table for time as an entrepreneurial capital indicators

Table 6. 3 The effect of time as an entrepreneurial capital on entrepreneurial exit decision, time to make that exit and the chosen form of exit: a summary

Group		Time as an entrepreneurial capital indicator	Exit vs non-exit (analysis 1)	Duration of the self-employment/ business ownership (analysis 2)	Exit Conditions (analysis 3)			
					Involuntary negative	Voluntary positive	Involuntary positive	Voluntary wasted opportunity
Self-employed individuals	Individuals accumulated	Weekly hours in business	reduce the probability of exit	the direction of the relationship is positive but non-significant for higher commitment to business	Lower	Higher	Lower	Higher
		Home-based business	Higher possibility of exit for those who run home-based venture	higher duration for home-based business	Higher	Lower	NS	Lower
	Household fixed	Number of young children in the household	Increase in the number of young children will increase the chances of an exit	Increase in the number of young children will lower the duration of the business	Lower	Higher (NS)	Higher	Higher
	Household accumulated	Weekly hours in housework	Commitment to housework is associated with a higher possibility of facing such exits.	Increase in household work would increase the duration	Higher	Lower	Higher (NS)	Lower
Business Owners	Individuals accumulated	Weekly hours in business	Reduce the probability of exit	NS	Lower	Higher	Higher (NS)	Higher
		Home-based business	Higher possibility of exit for those who run the business from home	higher duration for home-based business	NS	NS	NS	Lower
	Household fixed	Number of young children in the household	NS	Increase in the number of young children will lower the duration of the business	Lower (NS)	Higher	Higher	Higher (NS)
	Household accumulated	Weekly hours in housework	NS	Increase in household work would reduce the duration (NS)	Higher	Lower	Lower	Lower

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